

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Sweden's yuppies
don't boast about
being rich, Page 3

World News

Israel told of Lavi project's tax threat

A senior Israeli Cabinet Minister warned that persisting with the country's Lavi combat aircraft project would result in substantially higher taxes and an end to hopes of revived economic growth.

The Cabinet was expected to reach a final decision on the \$1.5 billion project on Sunday. Meanwhile, the US urged Israel to abandon the project. The State Department said it could not be funded within the budgeted \$2bn annual US aid to Israel. Page 2

Angola 'flexible'

Angola said it was willing to speed up withdrawal of Cuban troops from the country, only if South Africa and the US stopped all aid to anti-government Unita rebels.

Iranian deserter shot

A former Iranian military pilot who defected to Switzerland and sought political asylum in Switzerland was shot dead by two unidentified gunmen in a Geneva street.

Libyan bombing raid

Chad said Libyan aircraft bombed three towns in the north of the country and carried out further air raids on the disputed town of Aozou while the Organisation of African Unity called for renewed peace moves to end the border dispute.

Hi-tech 'smugglers'

Four West Germans and an Austrian were arrested in Puerto Rico and charged with exporting advanced-technology US products to Bulgaria, Cuba and North Korea, according to court papers.

EC takeovers plan

The European Commission drafted a set of rules that would protect companies in the European Community from hostile takeovers bids.

Rhodes emergency

A state of emergency was declared on the Greek island of Rhodes where forest fires raged for the third day in succession.

Court shooting

Two Sikh extremists burst into a crowded court room in the Indian holy city of Amritsar and shot dead a prisoner in front of dozens of police, then escaped in a vehicle.

Munich air crash

A light aircraft crashed into a hamburger restaurant in Munich, killing six people and injuring 14. The restaurant and a bus were destroyed by a fire which started after the crash.

Missiles deployed

The Soviet Union said it had begun deploying the SS-24, a long-range mobile missile capable of carrying up to 10 independently-targeted nuclear warheads, but that this did not violate a 1979 arms treaty.

More babies sought

Prime Minister Lee Kuan Yew told Singaporeans they must produce an additional 40,000 babies in the next decade if they wanted to keep the population of their city state from falling dangerously low.

Genghis Khan tomb

China announced plans to build a mausoleum for Genghis Khan in Lanzhou where the Mongolian conqueror died in 1227. His remains, tent, armour and clothes would be moved from a nearby temple.

Sun 'not so old'

The sun is 4.6 billion years old - not the 5.5 billions previously believed - according to data presented by Indian astrophysicists at an international conference on cosmic rays in Moscow.

Pakistan bomb kill 11

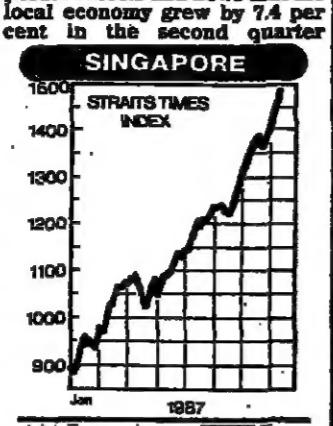
Three bombs exploded in a market town in north-west Pakistan near the Afghanistan border, killing 11 people and injuring 45.

Business Summary

Wall St shares soar to new highs

WALL STREET shares soared in late trading taking the Dow Jones Industrial average to a record close of 2680.48, up 44.84. Trading volume was the second-highest in the market's history with about 272m shares changing hands. Page 40

SINGAPORE shares rose to new peaks helped by improved corporate results and news that the local economy grew by 7.4 per cent in the second quarter



against 7 per cent in the first. The Straits Times Industrial Index gained 25.87 to close at a record 1,490.09. Stock markets, Page 40

TOKYO: Buying enthusiasm gained momentum pending share price moderation. The Nikkei average rose 163.27 to 25,282.97 after rising as high as 23,356 in heavy volume. Page 40

LONDON: UK security markets showed confidence and moved ahead after the announcement of a better-than-expected figure for June's current account deficit. The FT-SSE index gained 33.2 to close at 2,275.4, posting a two-day recovery of 49.2. Details Page 36

DOLLAR: Closed in New York at DM1.894; SFY1.574; FFY1.175. It rose in London to DM1.8975 (DM1.8935); to FFY1.3275 (FFY1.3175); and to FFY1.5765 (SFY1.5730); and to Y151.70 (Y151.10). On Bank of England figures the dollar's exchange rate index was unchanged at 105.1. Page 29

STERLING: Closed in New York at \$1.5753. It rose in London to \$1.5700 (\$1.5675); to DM2.912 (DM2.9675); to FFY1.9350 (FFY1.9025); and to SFY2.4750 (SFY2.4650); and to Y128.25 (Y128.75). The pound's exchange rate index closed at 145.4. Page 29

HAWLEY GROUP: International services company headed by Mr Michael Ashcroft is planning a major break-up of its Canadian-held interests, aimed at realising at least £230m (\$326m). Page 29

WAL-MART: Stores, southern group poised to overtake J.C. Penney to become the third largest US retailer, has reported a better-than-expected 40 per cent rise in profits on a 38 per cent surge in sales for the second quarter. Page 21

BITTER DISPUTE: between Silicon Valley neighbours Intel and Advanced Micro Devices over microprocessor licensing has escalated with Intel seeking revocation of AMD's rights to manufacture some of Intel's most widely-used microprocessors. Page 21

MELLON BANK: Pittsburgh banking group which has been tarnished by heavy loan losses, is to reduce its 18,000-strong workforce by some 10 per cent in an effort by new management to reorganise the troubled group. Page 21

STATOM: Norwegian state oil company, posted half-year profits of Nkr 4.8bn (\$625m) - a 40 per cent increase on the corresponding period last year. Page 22

CANADIAN PACIFIC: Montreal-based transportation and energy resources group, posted a sharp turnaround in second-quarter and first-half results

Britain, France dispatch six minesweepers to Gulf

BY OUR FOREIGN STAFF

BRITAIN AND France yesterday ordered six minesweepers to sail for the Gulf to help protect their warships in the region following the discovery of mines outside the waterway off the coast of the United Arab Emirates.

In London, Mr George Younger, British Defence Secretary, announced that four Hunt class minesweepers, plus a support ship Arrolla, patrol, which will join British and French forces in the region in the next few weeks, warmly welcomed the British and French presence.

Mr Caspar Weinberger, US Secretary of Defence, raised the possibility of an international minesweeping force that would swing into action anywhere in the world if there existed a threat to commercial shipping from mines.

The US, which is short of minesweeping capacity, supports the idea of a co-ordinated minesweeping force to act as a backup to its naval task force.

The British Labour Party condemned the Government's decision to send the minesweepers because it exposed the UK to a situation outside its control. It said the move amounted to a "U-turn" on its position of 11 days ago not to accede to US requests to assist in mine-clearing.

The decision appears to mark the first concrete sign of co-ordinated allied action on the Gulf, and bring a further increase in the already large number of foreign warships in and around the Gulf at a time of rising tension. The US, which will have 24 ships and 15,000 military personnel in the region by the end of the week, warmly welcomed the British and French presence.

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nesweeping capacity, supports the idea of a co-ordinated minesweeping force to act as a backup to its naval task force.

The decision by Britain and France to send minesweepers to the Gulf comes little more than a week after European countries, including Britain, France, Italy and Greece, welcomed the US naval escort.

The decision also raised the question of whether the Soviet Union should be included, an official pointed out.

The decision by Britain and France to send minesweepers to the Gulf follows the damage inflicted by a mine on the refloated Kuwaiti supertanker Bridgeton during its first voyage through the Gulf under US naval escort.

However, both Mr Younger and his French counterpart emphasised yesterday that the minesweepers were being sent to assist British and French warships, and not as a response to US pressure on them to assume broader responsibilities. The role of the Arrolla, which consists of two frigates backed up by a destroyer and a frigate, would remain unchanged, though Mr Younger said Britain would like to see those of its allies with "suitable assets" make a contribution to Gulf minesweeping.

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The British minister said the

decision had been prompted by the mining of the Panamanian-registered oil tanker Texaco Caribbean in the Gulf of Oman off Fujairah on Monday, which reported an expansion of the dangers faced by Gulf shipping.

Three more mines were discovered yesterday floating in the same region. It is being widely assumed that Iran is responsible, though Tehran radio yesterday suggested that the mines may have been planted by the US.

Meanwhile, "Job reservation" or the colour bar has been dropped without fanfare at South Africa's mines. The move, one of the most significant for decades, passed almost unnoticed as attention has focused on the strike of 220,000 and 340,000 black miners.

Reaction from the other European countries approached by the US for assistance was mixed. The Dutch Foreign Ministry said it would support an international flotilla under a United Nations flag. The West German foreign ministry said the decision was a British and French initiative. It was continuing to concentrate its attention on diplomatic efforts over the Gulf in the United Nations Security Council, of which West Germany is the chairman, though it would do what it could to fill any gaps in Nato minesweeping capacity left by the British and French vessels.

The United Nations Security Council was due last night to resume private deliberations on the Gulf war following its call three weeks ago for an immediate

Continued on Page 20

UK bank increases presence on Wall St

By David Lascell, Banking Editor, London

LOYD'S BANK OF THE UK is to increase its Wall Street presence by buying a 25 per cent interest in Weisz, Peck & Greer, a New York investment management firm for \$67.5m (£43m).

It comes a week after National Westminster Bank's \$820m acquisition of First Jersey National, New Jersey's fourth largest bank, and underlines the continuing strength of UK bank interests there, even though several UK financial institutions have been forced to withdraw because of problems.

Stirling's trade weighted index closed unchanged from its opening level of 72.2 up on Monday's 71.6 close. It closed at DM2.8900 compared with Monday's closing of DM2.9675 and at \$1.5700 after \$1.5675.

Although yesterday's figures show tomorrow's figures for the stock market to react to the Chancellor's recent moves by wiping off share values the equivalent of almost six months' gross trading profits for the whole economy in two days can only be described as short-termism of the worst kind," he said.

Markets have now switched focus to tomorrow's figures for the wage round, average earnings and will then turn their attention to next Thursday's money supply figures for July for more pointers to monetary conditions.

Mr John Banham, director-general of the Confederation of British Industry, hailed yesterday's trade figures as evidence that market worries about the

economy overheating were unjustified.

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THE GULF CONFLICT

DEADLY WEAPONS ARE EASY TO LAY

Hard task ahead for minesweepers

BY ANDREW GOWERS, MIDDLE EAST EDITOR

"AS LONG as the superpowers retain a military presence in the Gulf, it will remain full of mines," warned Mr Mir Hussein Moussavi, the Iranian Prime Minister, the other day.

The US and other countries with warships in the region have been aware for some months of the dangers posed by mines laid in the deep-water shipping channels leading to Kuwait.

Iran freely admits laying mines in the Gulf, though it implies they have been restricted to the immediate war zone and says that Iraq is responsible too. In the three months before the beginning of this week, five ships had hit mines in the northern reaches of the Gulf.

But the sixth casualty—the Panamanian-registered Texaco Caribbean, which hit a mine off Fujairah in the Sea of Oman on Monday—was in a different league altogether and set alarm bells ringing throughout the world shipping industry.

Nobody expected to find mines outside the Gulf, least of all in an area which the world shipping industry had come to regard as a relatively safe haven for ships waiting to proceed into the waterway or to tranship cargo for onward shipment. At any one time, about 60 ships are anchored off the United Arab Emirates port of Fujairah.

Planting mines—many of them apparently quite old and unsophisticated but lethal nonetheless—has been a key part of the pressure Iran is putting on Kuwait to stop providing Iraq with financial, logistical

and other support in the Gulf war. They have also been used as timely warnings from Tehran to both the US and the Soviet Union against stepping up their assistance to Kuwait.

Soon after Moscow agreed to charter three tankers to the Kuwaitis to help them ship their oil earlier this year, a Soviet merchant ship hit a mine. And on its first voyage through the Gulf under US naval escort more than two weeks ago, the refugees Kuwaiti supertanker Bridgeton was punctured in a similar humiliating fashion. It is still sitting at anchor off Kuwait before limping back down the Gulf for repair in Dubai drydocks.

"Neither of these incidents was in the least coincidental," commented a senior Western diplomat at the time.

Mines have special attractions as a weapon. For one thing, they are very easy to lay. The North Korean models which Iran is said to have at its disposal can be dropped off the back of any simple or apparently innocent craft such as fishing boats.

They are extremely difficult, if not impossible, to provide foolproof protection against.

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Mousavi: fall of mines

bit of the "invisible hand" which it said humbled the Americans. Washington seemed to agree directly afterward when it said it would not retaliate, since it was not sure who was responsible.

There was similar uncertainty over who was to blame for the mines in the Sea of Oman. If they are Iranian, it seems strange that the first of them should hit a vessel carrying Iraqi crude.

On charter to a Norwegian company, the tanker had just loaded up with oil at Iran's Larak Island export terminal before it was hit. There were even suggestions yesterday that the mines had been planted as a warning to the culprit. Iran has made much, since the Bridgeton was

might have been American—aimed at Iran's oil lifeline.

However, it seems much more likely that they were planted by Iran in an attempt to harass the US convoy. The UAE coast has been patrolled by the five Kuwaiti tankers so far flying the American flag as a muster point before they proceed through the Strait of Hormuz and into the Gulf. Where better to damage them than the place hitherto considered the safest?

The trouble is, as the British and French vessels dispatched yesterday are likely to discover, that while clearing mines from deep water channels is difficult enough, keeping a vast stretch of open sea safe for navigation is quite another matter. Floating mines set adrift in open waters could fetch up anywhere—and can be roughly directed if the planter is aware of tidal and wind movements.

The sending of British and French minesweepers to the region raises an additional danger at a time of unprecedented general tension following Iraq's resumption of raids on economic targets in Iran this week. Iran has been bitterly critical of the presence of foreign warships of all nationalities in the Gulf, and warned Britain and France against boosting their fleets.

In the "tanker war" which has damaged well over 300 ships in recent years starts once again in earnest, as it seems quite likely to do, they, too, could be in the firing line.

A US official said this incident, coupled with the discovery of at least three other mines in the area, may have prompted Britain to take action.

He said: "We have said for some time that there was a full-blown threat to international shipping, more so than some people seem to have realised."

According to the Foreign Office there is no connection between the decisions of the British and French governments to dispatch minesweepers to

the Gulf. It was a "coincident, if welcome" move.

Officials took pains to emphasize that the UK decision, taken yesterday morning, was in response solely to the discovery of mines outside the entrance of the Strait of Hormuz, and the need to protect British naval assets in the form of the Arrolla Patrol.

According to officials, Britain still remains agnostic over the idea of a multi-lateral mine-sweeping force in the Persian Gulf. Britain's preferred position was for nations with an interest in ensuring the safety of the Gulf's waters to act on their own initiative.

US seeks to create international naval force

By Lionel Barber in Washington

THE US yesterday welcomed the decision by Britain and France to send minesweepers to the Gulf, saying it backed American claims that mines in the area pose a threat to international shipping.

Mr Caspar Weinberger, US Defence Secretary, seeking to capitalise on the move, said the US was trying to convince a number of unidentified nations to join it in creating an international naval force to be dispatched anywhere around the world, including the Gulf.

Though the British stressed officially that the four minesweepers would back up the small UK naval task force in the area, the Arrolla Patrol, it is recognised that they will be very useful to the large US naval presence supporting the Kuwaiti reflagging operation.

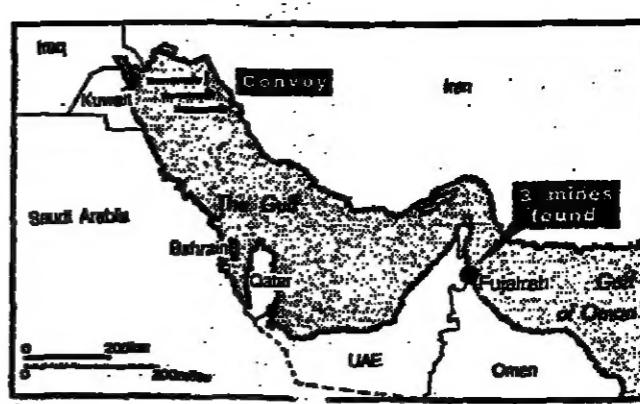
The reversal of Britain and France's earlier rejection of a US request for mine-sweeping help in sweeping the strategic Gulf waterways followed one day after the 274,247-tonne supertanker Texas Caribbean struck a mine eight miles off Fujairah, 30 miles south of the Straits of Hormuz in the Gulf of Oman.

A US official said this incident, coupled with the discovery of at least three other mines in the area, may have prompted Britain to take action.

He said: "We have said for some time that there was a full-blown threat to international shipping, more so than some people seem to have realised."

British officials in Washington stressed that the decision was in response to specific changes "on the ground" and not to American pressure for help. Britain is still apparently wary of US suggestions that it should form part of an international mine-sweeping force. The British statement stressed that the four minesweepers' task was to back up the royal navy's Arrolla Patrol, comprised of a destroyer, two frigates, and a support ship, which is protecting UK ships in the area.

Earlier yesterday, Mr Charles Pasqua, the Interior Minister, had said on French radio that France was not envisaging any



Insurers raise rates for Gulf of Oman

LONDON SHIP insurers yesterday confirmed they had introduced war risk premiums for ship hulls in the Gulf of Oman southeast of the Straits of Hormuz, Reuter reports.

Vessels sailing to the United Arab Emirates port of Fujairah and Khanpur, said now pay a war-risk premium of 0.125 per cent of the insured value of the ship's hull, marine insurance brokers said.

Insurers will decide individually whether to apply the new rates since there is no official war-risk rating committee for the Gulf.

War risk premiums for vessels going to Kuwait are currently 0.5 per cent of insured value of the ship's hull for a 14-day voyage, while ships sailing off the Omani coast before entering the Gulf.

Marine insurers were forced to review war risk premiums after the US-operated supertanker Texaco Caribbean hit a mine off Fujairah on Monday and three more mines were sighted yesterday in the same area.

War-risk premiums for ships

sailing into the Gulf were also being reviewed in the light of recent events and there was a strong possibility they would be raised, marine insurance brokers said.

Mr Perez de Cuellar said he had informed the 15 Council members of his contacts with Iran and Iraq and "my discussions with Iraq and lack of discussions with Iran". Given the present situation in the Gulf, he did not believe a delay in implementing the July 20 resolution was in anybody's interests and had asked the Council for guidance.

"The choice is not between confrontation and appeasement, the choice is giving peace a real chance or continuing to use force to pursue one's own aims," he said.

The Iranian delegate, Said Rajai Khorassani, had telephoned him yesterday, he said, to say he had received a response from his Government to the Council resolution and proposed to deliver it later in the day. There was no immediate indication what the reply might be, but diplomats did not expect it to be entirely negative.

Asked about the possibility of an arms embargo against Iran if it continued hostilities in the Gulf, the Secretary General said this was a matter for the Security Council to decide.

He said he had always been ready to make a peace mission to Iran and Iraq but had needed assurance one would be productive. He noted that Iraq had sent its foreign minister to New York to see him and understood that an Iranian deputy foreign minister would attend a UN conference here next week and meet him.

Mr Perez de Cuellar added that it would be premature to consider flying the UN flag on ships in the Gulf.

Response to ceasefire call by UN promised

IRAN WAS due to respond late yesterday to the United Nations Security Council's demand for an immediate ceasefire in the Gulf war, according to Mr Javier Perez de Cuellar, the Secretary-General, Reuter reports from New York.

He made the announcement after briefing the Security Council at a private meeting on his efforts to implement a resolution calling for an end to the fighting.

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OTHER OVERSEAS NEWS

Arms amnesty offered to Sinhalese rebels

BY MERVYN DE SILVA IN COLOMBO

A GENERAL amnesty for dissident Sinhalese, outside the India-Sri Lanka accord, came into force in Sri Lanka yesterday.

The Government has said anyone possessing firearms would be offered an unconditional amnesty if they surrender them.

The offer is clearly directed at the pro-Sri Lankan Peoples Liberation Front (JVP), a rabidly pro-Sinhala, anti-Indian organisation which has recently raided police stations, army camps and military establishments, including the air force base near Colombo and seized weapons. The JVP, then a Guevarist young group, launched an insurrection in 1971 against Mrs Bandaranaike's Government in which 10,000 young Sinhalese were killed.

It is estimated that 112 weapons, including sub-machine guns and automatics, have been taken in JVP raids.

The Government has also asked owners of licensed fire-

Israel told of Lavi tax threat

By Andrew Whitley in Jerusalem

A SENIOR Israeli Cabinet Minister has warned that persisting with the country's Lavi combat aircraft project may have galvanised the Europeans into action. He said: "We have said for some time that there was a full-blown threat to international shipping, more so than some people seem to have realised."

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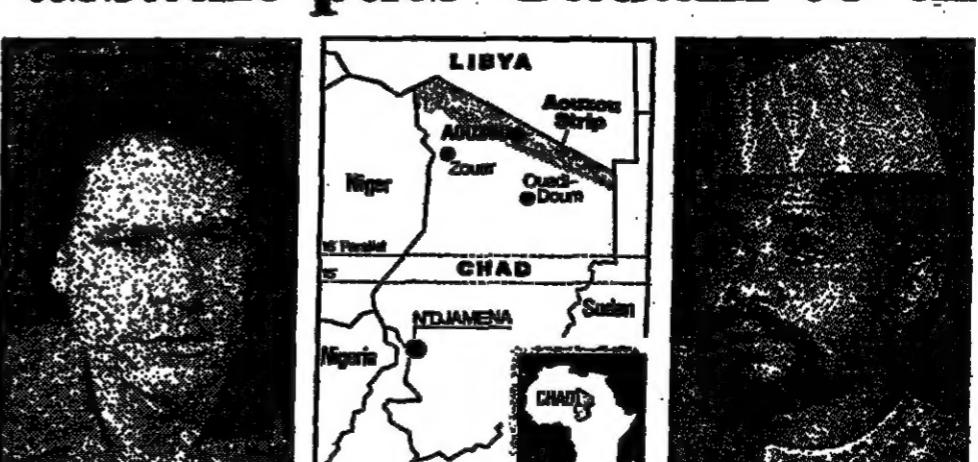
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Officials took pains to emphasize that the UK decision, taken yesterday morning, was in response solely to the discovery of mines outside the entrance of the Strait of Hormuz, and the need to protect British naval assets in the form of the Arrolla Patrol.

According to officials, Britain still remains agnostic over the idea of a multi-lateral mine-sweeping force in the Persian Gulf. Britain's preferred position was for nations with an interest in ensuring the safety of the Gulf's waters to act on their own initiative.

Earlier yesterday, Mr Charles Pasqua, the Interior Minister, had said on French radio that France was not envisaging any

Chad assault puts Gadaffi to the test



Colonel Gaddafi and his supporters fled north.

The unexpected defection of Colonel Gaddafi from his alliance with Libya last October marked the beginning of the collapse of anti-government forces. Despite Gaddafi's detention in the Libyan capital Tripoli, his forces switched allegiance to President Habre.

Libya backed Qaddafi before, during, and after his period in power. With their support, the FAP made steady progress against the French and Italian governments during their period of colonial control.

Control of Aouzou has more than symbolic importance for Col Muammar Gaddafi. He based his country's claim to this borderland on the discovery of substantial oil reserves in the desert terrain.

Despite continuing US pressure for its cancellation, a battle within the coalition government now appears to be coming down in favour of putting the strip itself, which Libya annexed in 1973.

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With their help, the new government made peace with the central government two years later and became Prime Minister.

Habre soon fell out with President Muammar Gaddafi and joined Oueddei's forces at the latter's advanced post in Ndjamena in January 1979. Oueddei formed a government in March of that year, but his alliance with Habre disintegrated. Habre was in open rebellion by the autumn of 1980 and retook the capital from Oueddei in June.

Gaddafi's forces were largely ignored by the international community, which did not believe he had any real chance of winning the conflict.

al-Mabruk, and 50 officers were tried by a Libyan military court in April of this year.

The Libyan military is closely supervised by Gadaffi and those members of his revolutionary junta who have lasted the course of his 18 years in power, particularly Col Abu Bakr Yunis, his Chief of Staff. Gadaffi is taking no chances, and has moved the command centres of all his services, including the navy, to the remote desert centre of Houn.

Gadaffi has continued to strengthen the role and spread of the Popular Committees, the most democratic institutions in the centrist state. To date the Committees have been supportive of the campaign in Chad, but the deterioration of Libya's position there contains the risk that defection might spread from the already restive military.

Chad's government has a difficult time maintaining control of the Aouzou strip without external help. If Libya employs the whole of their considerable military weight in the region, in addition to their base at Sebha, the Libyans have another large military installation at Maaten es-Sarra, about 100 kms north of the town of Aouzou.

Given France's reluctance to defend Chad's advance, control of the strip may well come down to a test between Chad's highly trained and effective army units and Libyan air power.

The Libyans have used mobile air strips to good effect in the past. They can do so again if Gadaffi determines that Aouzou is where he must stand to defend his reputation in the area and among his own people.

Many of the detentions and deaths have been linked to deep social and economic problems in the country's Aboriginal communities, particularly in remote areas. Different in culture and religious beliefs and often living separately, they invariably suffer worse living and employment conditions and generally poor relations with whites are

Rash of Aboriginal jail deaths to be investigated

BY CHRIS SHERWELL IN SYDNEY

A JOINT federal-state Royal Commission is to investigate the recent high rate of Aboriginal deaths in Australian jails, the Canberra government announced yesterday.

The decision, made at the first Cabinet meeting of the newly re-elected Labor Party Government, follows a storm of controversy over the apparent suicide of an Aboriginal man in a New South Wales jail last week—the 16th death in custody since last December.

Altogether a total of 44 Aboriginals and Torres Strait

Islanders have died in custody since 1980. The trend has brought mounting calls for a Royal Commission

from Aboriginal groups and fuelled growing Aboriginal discontent at plans for major celebrations

next year of the 200th anniversary of white settlement in Australia.

EUROPEAN NEWS

Bank of Spain warns against economic boost

By DAVID WHITE IN MADRID

SPAIN'S SOCIALIST Government has received a warning from its central bank not to try to boost the economy further, despite signs that a recent growth spurt—putting the country well ahead of its initial 3 per cent target for the year—is slowing down.

The half-year report, calling for wage moderation and tighter control of public spending, comes as a shot across the bows of the trade union movement, which is due to resume preliminary talks on a framework labour pact next month.

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The report warned of the risks entailed in trying to maintain growth rates for domestic demand and output sharply above the rest of the European Community.

The central bank put its weight behind the Government's hopes for bringing inflation down to 5 per cent for the year, against 8.3 per cent in 1986.

However, it hinted at a slight easing of the monetary targets which were set at the beginning of the year. These targets, based on a mid-rate of 8 per cent for growth in widely-defined money supply, were left to the central bank to push up short-term interest rates and to discourage speculative inflows from abroad. In its report, the bank calls for flexibility to take into account the higher-than-expected growth in the economy.

Moscow gives ground on chemical arms checks

THE SOVIET UNION said yesterday it had agreed to quick, compulsory checks by foreign inspectors of suspected breaches of a proposed ban on chemical weapons, reversing a position it held only a year ago, Reuters reports from Geneva.

Its chief delegate, Mr Yuri Nazarkin, set out details at a session of the 40-nation Geneva Disarmament Conference of the Soviet proposal for "challenge inspections" of chemical arms sites or production plants at 48 hours notice without right of refusal.

In initial session, a spokesman for the US delegation welcomed the move, saying it indicated the Soviet Union had recognised that such "challenge inspections" must be mandatory to be effective. One Western delegate said privately it brought Moscow's position "as near as a whisker" to a 1984 US proposal for

Brokers try to calm fears about Milan bourse

By John Wyles in Rome

ITALIAN BROKERS were last night urging investors not to panic in the face of a further steep fall in the Milan stock exchange which took prices down to their lowest level this year.

After a bull market lasting more than two years, it seems that many investors are becoming seriously alarmed by this month's startling evidence that what goes up can also come down.

The public shock has been all the greater since previous Augusts have regularly provided a rising market.

After falling 6.6 per cent in August last year, the Milan stock index closed yesterday at 858, 2.6 per cent down on the day. In six consecutive sessions the index has fallen by 9.8 per cent and reduced the market's total capitalisation by around L18,000bn (\$2.27bn).

It remains to be seen whether signs of a slight recovery in yesterday's afternoon trading survive the demoralisation caused by highly amplified television and newspaper coverage of the market's slide.

Fearing that the decline is feeding off itself, Mr Polito Boaretta, the manager of equity trading at Banca Nazionale del Lavoro, urged investors in healthy companies to "sit tight and wait".

Explanations for the "cold bath" in the market matters technical, financial and international. The crisis in the Gulf is triggering fears of ultimately higher oil prices which will damage Italy's clearly deteriorating trade balance.

Until now, the evidence of a growing trade deficit this year has largely been attributable to the difference in growth rates between Italy and its main trading partners. Many foreign as well as Italian investors are therefore reacting nervously to rumours of a possible lira devaluation.

Paradoxically, the sense of uncertainty has sharpened since the new Italian Government came into office a week ago. Business as a whole is waiting anxiously for a clear sense of economic direction after many months of drift.

Some analysts believe that the correction has been technically desirable, removing much of the speculative froth which built up in the market last year. However, with few savings into mutual funds dropping sharply from the levels of 1985-86, there is less money around to underpin the market.

Belgian industry sceptical about tax reform

By WILLIAM DAWKINS IN BRUSSELS

BELGIUM'S MOST radical tax reform package for 25 years was yesterday greeted with relief by stock market investors, but drew a sceptical initial reaction from industry.

The scheme was agreed a day earlier, following a tense 23-day wrangle between the four parties in Belgium's centre-right coalition Government. It aims to support private enterprise by cutting income tax — to be partly offset by reductions in capital allowances for industrial investment — while reducing the country's burgeoning budget deficit with the help of a limited privatisation programme.

"It is more because an agreement on the budget has been reached without a struggle between the parties. Nobody has had time to study the good rather than the perverse effects of the package," said Mr Andrew Beier, senior analyst at stockbrokers Dewey.

At the heart of the package is a BFr 80bn income tax cut, equivalent to roughly 5 per cent of the Government's total income tax take, to be phased in over the four years from 1989 to 1992. The main beneficiaries will be senior management, who get a cut in the top marginal rate from 72 per cent to 50 per cent over the period, and families with two incomes where parents will be taxed separately, rather than on their

combined salaries. Average tax rates will also come down.

The Belgian Treasury aims to recover around two-thirds of BFr 80bn — of the BFr 80bn income tax giveaway directly. It plans to get BFr 30bn back by widening the tax base to include more privately employed people. The rest is expected to come through higher

choose somewhere else," said a spokesman for the FEB.

"The Belgian Treasury aims to recover around two-thirds of BFr 80bn — of the BFr 80bn income tax giveaway directly. It plans to get BFr 30bn back by widening the tax base to include more privately employed people. The rest is expected to come through higher

of what Mr Guy Verhofstadt, the Budget Minister, would like to have achieved), most observers accepted that it is a far-reaching — even if not quite radical enough — attempt to tackle Belgium's economic problems.

These include an increasing drain on social security payments caused by growing unemployment — up from 5 per cent to 12 per cent since 1973 — and by an ageing population.

Domestic consumption has been hit accordingly, while the Government's ability to increase its income tax take has been hindered from the fact that, until Monday's agreement, income tax brackets were not fully inflation indexed.

Industrialists, however, agree with Mr Verhofstadt that the package should have been tougher. The FEB has been lobbying for a much sharper cut in the budget deficit, to around 4.5 per cent of GNP, which it reckons is the minimum needed to stabilise the growth in interest payments on state debt. "We would like more than that — but then we have to accept that 1988 is an election year," said the FEB.

Solidarity turns to the courts

By CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities are freezing off itself, Mr Polito Boaretta, the manager of equity trading at Banca Nazionale del Lavoro, urged investors in healthy companies to "sit tight and wait".

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the union also mark a concession by the workers to the authorities in that they recognise the 1982 Solidarnosc law, which severely limits the right to strike and was condemned at the time by the underground union movement. Clandestine Solidarity cells exist in some of the plants involved but they have not opposed the move.

The high court last January dismissed similar applications from the Szczecin area but other groups, in addition to the four heard yesterday, are preparing to try. The organisers of the cases see them as an effective way of reminding both the Government and shop floor of Solidarity's right to a legal existence.

The applications to register

Zhivkov seeks to bring party down to earth

By JUDY DEMPESTY IN VIENNA

THE BULGARIAN Communist Party should abandon megalomania, falsehood and ostentation" are now to be discarded. Instead, reported BTA, the party must get used to the idea of being opposed on certain issues. During the plenum discussion, Mr Zhivkov proposed the idea of giving the National Assembly more powers, as well as strengthening what he called "self-managing organisations" which if put into effect could weaken some of the powers of the party.

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Swedish yuppies learn to open the champagne with discretion

By SARA WEBB IN STOCKHOLM

IF YOU are a young, urban professional punx and rich to boot, you do not boast about it in Sweden. It is not the done thing. That, at least, seems to be the moral of the following story.

A young man of 22 (call him Mr X, since he no longer wants his name in print), worked as an options trader at Jacobson & Fonsbach (known as Japo), one of the leading brokerage firms. He gave a candid interview to the daily newspaper *Dagens Nyheter* (DN) in which he described his lifestyle and ambitions.

He said he earned SKr 30,000 (\$2,500) a month (more than the country's finance minister, the newspaper duly pointed out), likes to meet up with friends in 'Cafe Opera' (a favourite spot among Swedish yuppies and social butterflies, and considered one of the "in" places to be seen), where he talk about money and cafe-crawling in this way. It is bad judgment if you earn a lot of money, you keep quiet about it."

European Diary



Sweden

The Swedes had an old phrase for pushy young men who make their name in the financial world — they were called *unge lejon* or young lions — and included men like Anders Wall, who controls the financial, trading and industrial group Beijer and who showed flair and skill in bringing together a multi-million dollar financial empire.

Today, the young lions and lionesses tend to be called *snobba kippens män* (for people who make a fast buck) just because they're cheeky and do always keep quiet about their money.

They tend to be flashy, show a certain amount of individuality and (probably worst of all by traditional Swedish standards) they are ambitious and careerist. Standing out from the crowd is not universally admired here and Scandinavians tend to respect the *fjontologen*, a unwritten law that no one should try to be any better than the rest of the crowd.

"The place smells of money — that's what I first thought when I came here and still do. The building facades radiate power and success," he told DN. In essence, Mr X is not unusual by City of London standards — except perhaps in the size of his pay cheque, which at that level is subject to a tax rates of about 59 per cent. But with a week of giving the interview, he was no longer at Japo.

"The reaction at the company after the article was bad," he said, though he says he had already planned to leave the firm for various other reasons. The article made that choice

country and there is a certain amount of resentment and envy," said one options trader who naturally asked not to be mentioned by name. "Employers here generally tell their employees not to talk to the press about their lifestyle."

If Sweden's younger generation violates the traditional values of society, it is largely due to the blossoming of the financial markets over recent years. The stock market is booming, the options markets (two, rather than just one) have sprung up in a number of years and Mr Kjell-Olof Feldt, the Finance Minister, widely regarded as coming from the right wing of the Social Democratic Party, has won much admiration from the business community for his reforms and moves towards liberalisation and deregulation.

That he has unwittingly helped to create the Swedish yuppie is less appreciated. As one political commentator put it: "Even in the working class there are more who accept a bourgeois lifestyle with a home, car, sailing boat, large credit allowances and significant credit card debts... Have the Social Democrats lost their oversite?"

Mr Stig Malm, leader of the Swedish Trade Union Confederation (LO), takes a dim view of the financial whizzkids who shuffle megabucks at the touch of a computer key. "It is time for the Government to stop the flow of champagne and take the financial whizkids by the scruff of the neck," he told a recent gathering of the Social Democratic Party's youth.

He has strongly criticised the "speculation economy" in which money is "shovelled around between the actors on the exchange floor and the Renters screen" instead of being properly invested to create new jobs.

But his real worry seems to be that members of the new generation will adopt a less ethical and moral stand when tempted by large amounts of money at such an early stage in their development. They might start to think more about themselves than about society as a whole or even try to emulate the imported soap opera world so readily served up on Swedish television.

AMERICAN NEWS

US liberals stage \$1m fight over Contra aid

LIBERAL groups opposed to President Reagan's pro-Contra policies are mounting a \$1m television and lobbying campaign aimed at persuading Congress to reject further aid for the Nicaraguan rebels.

The effort, spearheaded by the activist group, Citizen Action, Neighbor to Neighbor Action and Witness For Peace, will feature television commercials urging people to telephone their congressmen. Sponsors say they also will organise groups to travel to Washington and lobby in person.

"It's mobilising public opinion that's there already. In many cases it's latent public opinion," said Fred Ross Jr, director of Neighbor to Neighbor.

The group plans to begin airing its media spots at the end of the month, anticipating that Congress will vote on Contra aid in September.

A \$100m Contra aid package runs out on September 30, but it is unclear when the administration will send a new aid request to Congress.

The White House on Monday decided to secure, when the administration would seek more Contra aid, saying President Reagan would "wait and see" the progress of a new peace plan signed last weekend in Guatemala City by the presidents of five Central American nations.

That plan calls for a ceasefire, steps toward democracy in Nicaragua and an end to foreign support for insurgents in the region.

The campaign, called Countdown 87, will target six senators and 23 House members considered swing voters because they do not have consistent voting records for or against the Contras.

Countdown 87 recently conducted so-called focus group studies to learn how the public feels about the administration's support for the Contra rebels fighting the leftist government of Nicaragua.

"There was no enthusiasm for Contra aid," said Countdown 87 spokesman Nick Allen. "People know they want to stop communism, but they don't want to support the Contras to do it."

He said the television ads will raise the spectre of US troops being sent to Nicaragua,

Contra gamble pays dividends for brave new House speaker

OUTSIDE the White House Mr Jim Wright, speaker of the House of Representatives, stepped towards the cameras and in these familiar silken tones from Fort Worth, Texas, proclaimed a new bipartisanship between President Reagan and US Congress on Central America.

Mr Wright's judgment last week may yet be premature, but few doubt that his role in talks aimed at ending the civil war in Nicaragua and El Salvador has been a bold exercise in political leadership.

In three hectic days, Mr Wright won the virtually unanimous opposition of House Democrat colleagues, nudged the five Central American leaders to an outline agreement and shifted the debate in Washington about the region's conflicts away from military to diplomatic solutions.

In the past, the 64-year-old Wright — a keen boxer until well into his 50s — has been accused of dealing with his chin. A redress with a tendency to shirk defeat in the face of criticism or dissent, he was one of nature's diplomats.

All of which left the caucuses crowding last week that he had walked into a trap laid by his arch-rival Ronald Reagan — a view which certainly misjudges the man and his motives.

The Central American peace initiative fits into this category of constructive action, though as one House Democrat said this week privately: "A lot of



Jim Wright: leading with his chin

it has to do with glory. Jim sees his role as someone who makes things happen."

If the gamble was high-profile, it was also certainly high-risk. The Democrat and deeply split on the question of aid to the rightist Contra rebels fighting the Sandinista Government in Nicaragua. While some abhor the idea of the US fighting a war in its own backyard through a surrogate army, others deeply mistrust the intentions of the Sandinistas.

President Reagan, playing on those fears, was able to secure

Honduras, Guatemala and Nicaragua.

After the 1982 elections in El Salvador Mr Wright, breaking with his Democrat colleagues, voted for a renewal of US aid to the Government. At a time when the right-wing death squads in the Salvadoran military were far from forgotten, it was a brave move. But Mr Wright reckoned President Duarte deserved a chance—and today he is ready to credit Mr Reagan with a successful, non-military policy to create democracy.

It is doubtful whether Mr Wright was the initiator of the Nicaraguan initiative. Those close to events say that the original approach came from Mr Tom Loeffler, a former Congressman from Texas, recruited by the White House as a lobbyist for Contra aid to replace Mr Elliott Abrams, the abrasive assistant Secretary of State. When the votes were counted, Mr Wright's touch of class came with his realisation that a bipartisan plan between President Reagan and Central American leaders would give impetus to the two days of talks between Central American leaders in Guatemala City, starting on Thursday.

Having checked with the Nicaraguans and the Costa Ricans, he realised that Managua would have great difficulty in rejecting a US plan and the Arias peace plan.

To Mr Howard Baker — the former Senate Republican majority leader who became White House chief of staff this year — it must have seemed like old times back on Capitol Hill. Of course, both sides made shrewd calculations. According to one account, Mr Baker secured the support of Mrs Nancy Reagan, First Lady, in what was obviously a risky political enterprise. Others say the Democrat strategist in exile — Mr Bob Strauss — was privy to the deal and all agreed it was vital to bring in Mr George Shultz, US Secretary of State — who had just emerged from purdah after his convincing testimony to the Iran-Contra Committee.

Mr Caspar Weinberger, US Defence Secretary, was by contrast left out completely. So too were the Contra leaders themselves, who happened to be in Washington on a lobbying tour for more US aid. Mr Wright's touch of class came with his realisation that a bipartisan plan between President Reagan and Central American leaders would give impetus to the two days of talks between Central American leaders in Guatemala City, starting on Thursday.

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On the other hand, Mr Wright managed to persuade the House minority leader, Mr Robert Michel, that the Republican leadership should follow him. By including Mr Michel in the talks at an early stage and arguing that the votes simply were not there for Contra aid — he also was over the President.

Equally, many conservatives had little idea that events in Guatemala City would move so fast. They calculated that the diplomatic option would probably fail. Mr Wright and his fellow Democrats would then be cornered and Contra military aid in the bag.

Mr Wright's catalytic role contrasts sharply with the style of the previous speaker, Mr O'Neill, who liked to close himself for hours with his colleagues before moving. If he was a cautious coalition builder, Mr Wright is a decisive impatient leader.

His reputation this week has undoubtedly been enhanced and he has temporarily consigned Senator Byrd to the wings.

What Mr Wright's colleagues now want to know is whether this display of bipartisanship will extend to other, equally important troublespots in US policy-making, notably the bloated federal budget. If Jim Wright has his way, it will.

Bankers grow impatient at Brazilian preoccupation with domestic issues

Ivo Dawney and Stephen Fidler assess the impasse over Brazilian debt payments

If Brazil's bank creditors do not have enough to worry about, then they might consider that — six months after the moratorium on all payments on \$60bn in loans — the bulk of the country's political establishment is all but ignoring the debt issue.

Still immersed in the paper mountain thrown up by the new draft constitution, leading politicians and their factions are concentrating instead on a text which for several may make or break their chances of a bid for the presidency.

Such a move would force the banks to place a reserve, initially of 15 per cent, against their exposure. It would also markedly escalate tensions between the two sides.

The regulators' decision, following their downgrading of Brazilian loans to sub-standard last March, will be heavily influenced by whether Brazil makes any attempt to catch up on its interest arrears.

New York bankers say that

was merely tactical brinkmanship can be dismissed. Compromise may be in the wind, but not yet.

For the banks particularly those from the US, time is ticking inexorably away, however. With no payments of either interest or principal imminent, American bank regulators must decide in October whether to categorise Brazilian loans as "value impaired." They could be goodwill.

Goodwill, while abundant in Mr Bresser's appointment in April, suddenly seems in short supply. It now emerges that the new minister has been seriously disillusioned both by the strong view he heard on his US visit and the unpromising political climate at home.

Most of all, Mr Bresser appears shaken by the apparently rigid position being taken by sovereign country creditors in the Paris Club and the US Government itself. As

prospects for a new loan and rescheduling agreement — Brazil wants some \$7bn in new money for 1987-88 — would be severely jeopardised if they were forced to establish new reserves.

According to reports in Brazil, in addition to a "menu of options" including debt-to-equity swap programmes, the bank would seek some \$400m — about 25 per cent of unpaid interest — as a goodwill gesture.

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New York bankers say that

one New York analyst put it: "The governments have decided to sacrifice the banks to play tough with Brazil."

Faced with this attitude abroad, and, at least publicly, total intransigence at home, Mr Bresser's conciliatory strategy looks in danger of collapsing.

Last week, news that the banks' negotiations were promising smaller creditors of a tough stance, provoked Brasilia to say that no interest would be paid whatever until foreign reserves recover and real progress emerges in the forthcoming talks.

What has clearly angered Mr Bresser is the lack of sympathy abroad for his strategy of creating a smokescreen around a return of the country to the International Monetary Fund.

This rested on the banks accepting that rescheduling talks with them could near completion before the IMF, and the key ques-

tion of monitoring was brought into the argument.

Only with this agreed, the minister seems to be arguing, can a compromise, made palatable by favourable terms already outlined with the banks, be sold at home.

Yet the dogged orthodoxy of the Paris Club, the US Government and the lending institutions is now demanding a humiliating Brazilian surrender of political autonomy.

Both for the press, the Congress and the public, Jose Sarney, himself, much more simply cannot be delivered.

That is how it is being seen in Brazil — or at least how the problem is being approached by those who favour an accord.

Many analysts believe, however, that both sides are to some extent playing "chicken."

The banks' logic argues that, faced with the creditors' solid front and the advantages of a return to orthodoxy and the IMF — new money and a recovery of much needed

foreign investment — Brazil must eventually give way.

Others say that, given the country's current, extremely volatile political chemistry, logic does not count for much.

What should justifiably worry the banks is that the debt issue has been left in Mr Bresser's in-tray and is making little progress on the national political agenda.

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ready to come round to an IMF deal, feels that this will now jeopardise his chances of a five-year term, his mind could change rapidly.

In the interim, as the clock ticks towards October, the credibility of both the banks' portfolios and Brazilian risk grows ever more dubious.

WORLD TRADE NEWS

US Eximbank to offer funds through UK bank

BY NANCY DUNNE

THE US Export-Import Bank and the new trade financing subsidiary of Standard Chartered, the British bank, have joined forces in a unique venture to finance up to \$100m in exports to four African nations.

Under the new scheme, Standard Chartered Export Finance (SCEFL) of London will provide \$85m in Eximbank loans or guarantees through its worldwide network of 2,000 affiliated companies and offices. The subsidiary bank will act as agent for SCEFL and will guarantee all commercial risks for loans to Cameroun, Kenya, Ghana and Zimbabwe.

Eximbank, drawing funds from its fixed-rate intermediary loan programme, will guarantee all transfer and political risk. The agency says the new funds will enable SCEFL to increase

AUSTRIAN AIRLINE BATTLE

Lauda Air flies into headwinds

BY JUDY DEMPSEY IN VIENNA

MAJOR differences have broken out between Lauda Air and the Austrian Ministry of Transport over whether or not the small charter company should be given a licence to fly long distance to Bangkok, Peking and Sydney.

If the licence was granted, it would mean that Lauda Air, the brainchild of the former Austrian grand prix racing driver, Mr Nikki Lauda, would expand beyond the immediate vicinity of the European area for the first time. Such a development would more than demonstrate Mr Lauda's tenacity in sticking with his company ever since he leased his first Fokker F27 aircraft eight years ago. It would also demonstrate his determination to beat Austrian Airlines to the post.

Austrian Airlines, which is owned by the state, is opposed to the Lauda plan, and it has ventilated those feelings at the inquiries and hearings held by the Ministry of Transport.

"We will make a decision now that we have all the information," a ministry official confirmed. "You can expect it sometime around the end of September. What we are looking for is a solution in which Lauda Air will not interfere with the operations of Austrian Airlines."

Austrian Airlines officials are far from pleased with the application by Lauda. "When we announced we would go for a long haul aircraft in 1986, Lauda immediately announced the same thing," Austrian Airlines said.

Austrian Airlines makes its first trip to Tokyo in April. "But there is hardly room for one long haul carrier, let alone two," said the airline's official.

But Lauda Air seems determined to press ahead in fighting for the licence. Mr Lauda has already extended his routes to Greece, Cyprus, Israel, Spain and Australia.

Lauda — brave move

The airline's profits and turnover plus the revenue which will be raised from the sale of part of the company indicate that Mr Lauda will have enough capital to see him through if he runs into financial problems. Turnover for 1986 amounted to Sch 390m (\$33m) and profits of Sch 35m. He hopes for a turnover of around Sch 450m for this year.

Lauda Air says it expects a decision on the licence to be made by the end of this month. "We are planning to fly Bangkok, Peking and Sydney during the first week of April 1988," the company says.

Japanese telecom battle restarts

By Ian Rodger in Tokyo

THE RACE is on again between the two consortia seeking licences to operate new international telecommunications services in Japan.

The battle was interrupted for several months as Japan's Ministry of Posts and Telecommunications attempted to merge with the two.

Over the next year, the facility will provide 95 per cent financing for individual transactions of \$50,000 to \$1m for the sale of US manufactured goods and services. Eximbank said most of the credit is likely to go for construction and agricultural equipment in Kenya, Ghana and Cameroon.

Zimbabwe has already asked for bids for an iron ore project, a cold beef storage plant, an airport expansion and electrical generation equipment for which the financing would be available.

Debtors nations grow their way out of debt.

The latest scheme, he said, "will help US exporters to penetrate markets that have traditionally been dominated by British or French exporters."

Under Standard Chartered handles several credit lines for the UK, it is the first time it is working closely with Eximbank.

Mr John Scott, Eximbank chairman, has recently put into place a far reaching overhaul of the Bank's programmes and vowed to increase its competitiveness.

He has also suggested that the official export agencies of the developed countries play a larger role in helping in-

Japan steel groups may seek higher export price

AN ANTI-RECESSION cartel of Japan's four largest steel makers formed in April is planning to ask the Ministry of International Trade and Industry (MitI) for an increase in the price of exported seamless pipe, AP reports from Tokyo.

A spokesman for Nippon Steel, one of its members, said yesterday that the proposal was in the process of being made to the Ministry.

According to industry sources, the four steel makers — Nippon Steel, Kawasaki Steel, Sumitomo Metal Industries and Nippon Kōkan — are planning to ask for an increase of between \$100 to \$150 per metric ton over the current average market price of about \$350 to \$300 per metric ton.

Japan's steel industry is also re-

lating from inroads being made by competitors in South Korea and Taiwan, as well as reduced demand from oil producers due to lower oil prices.

The proposed request to MitI comes in the wake of a price rise agreement with China and the Soviet Union in April.

Despite Chinese and Soviet opposition, Japanese steel makers succeeded in raising prices on various types of seamless pipes shipped to the two countries by roughly \$100 to \$150 a metric ton.

The proposed agreements allowed the shipment of about 250,000 metric tons of the product to each country in the six-month period beginning April.

MitI examines Seoul import rules

JAPAN'S Ministry of International Trade and Industry (MitI) is studying a revised list of South Korean import restrictions issued this July, as well as complaints from Japanese manufacturers involving market access problems, prior to further dialogues between the two countries, AP reports from

UK NEWS

Rover's last big vehicle holdings put up for sale

By JOHN GRIFFITHS

ROVER GROUP, the state-owned vehicle maker, has put up for sale its last sizable commercial vehicle holdings, both in India.

They comprise a 39.04 per cent stake in Ashok Leyland, an Indian truck and bus maker, and 58.09 per cent of Ennore Foundries, a components producer.

Rover has been receiving unsolicited offers for both since announcing in February that Leyland Trucks and Freight Rover, its trucks and panel van subsidiaries, were being sold. Leyland-Daf, a joint company majority owned by the Dutch truck maker.

Ashok Leyland, based in Madras, southern India, is India's second-largest truck and bus maker, with an output of about 6,000 vehicles a year. It has been a consistent profit earner, paying Rover regular dividends of around £300,000 a year. It is thought by some industry analysts to be worth about £12m.

Ashok itself has a 19.7 per cent holding in Ennore Foundries, which is heavily dependent on the truck producer.

A Rover Group spokesman said yesterday it had received about 20 approaches through advisers Hill Samuel and Standard Chartered, which are handling the sale. The two Indian companies, which are part-owned by Rover through its Land Rover-Leyland International holding company, are being sold together. No separate offers are being considered.

The approaches are from both within and outside India. They include one from Bajaj Auto, India's largest and the world's second-largest scooter manufacturer, the first major stake in 1985.

By 1984, however, the UK group's stake had begun falling below 50 per cent in line with Indian government policy of maximising the indigenous element of the motor industry.

Some European producers are understood to be interested on the grounds that their technology, with support from the Indian Government, could significantly sharpen Ashok's competitiveness.

No commercial ties remain between Rover Group and the Indian companies. Indian institutions hold a 35.6 per cent stake in Ashok, with the remaining 25.36 per cent held by individual investors.

The sale will sever an Anglo-Indian link spanning nearly 40 years.

Ashok Leyland was set up in 1948 originally to assemble Austin A40 and A70 cars. In 1950 it began assembling Leyland commercial vehicles, with the UK group taking a majority stake in 1955.

In 1984, however, the UK group's stake had begun falling below 50 per cent in line with Indian government policy of maximising the indigenous element of the motor industry.

Manpower chairman takes new posting

By David Thomas

SIR BRYAN NICHOLSON, chairman of the Manpower Services Commission for the past three years, is to become the new chairman of the Post Office in October.

The appointment appears to signal a vote of confidence by the Government in the policies pursued by Sir Ron Dearing, who retires as Post Office chairman at the end of September. These have led to record increases in letter volumes and productivity.

Sir Bryan said yesterday he intended to build on Sir Ron's achievements. Ministers had not indicated a wish to take the corporation in any radically new direction.

In particular, Sir Bryan said he had been given no indication of a desire by ministers to privatise parts of the Post Office. He added such a move would not surprise him since the Government was clearly committed to privatisation as a general policy.

Mrs Margaret Thatcher, the Prime Minister, ruled out privatisation of the Royal Mail, the core of the Post Office, during the general election campaign.

But she was careful not to exclude the possibility of selling other Post Office businesses, which include its National Girobank banking subsidiary and its counter operation.

Sir Bryan's wish to leave the MSC in October, when his period of office ends, has been known for some time. The MSC's scope is being scaled down, with its employment functions being transferred to the Department of Employment.

Sir Bryan, who spent almost 39 years in the private sector before taking the MSC chair, most recently as chairman of Rank Hovis UK business, said he hoped to complete the transformation of the Post Office into an organisation driven by awareness of customer needs.

He agreed with the view, repeatedly expressed by consumer organisations, that the priorities were to improve the quality of letter delivery and to sort out the spate of unofficial strikes which has disrupted some districts.

Charles Leadbeater reports on British Coal's disciplinary code Coal industry's test of trust

Charles Leadbeater reports on British Coal's disciplinary code

Coal industry's test of trust

AS the national executive committee of the National Union of Mineworkers and managers from British Coal sit down today for talks over the corporation's controversial revised disciplinary code, both might have in mind one of the code's definitions of gross misconduct.

Section 10 of the code says that gross misconduct is, among other things, misconduct so grave that it destroys the necessary mutual trust between British Coal and the mineworker. The point of today's talks is that the dispute over the code may have destroyed what little trust there was between the union and the corporation.

The UDM has reservations about the code, but no fundamental objections. It is based on a code issued to managers in 1981, and modified in 1984. "We have all been working under this code for the last seven years," the NUM do not realize that. There is no break with the past," says Mr Liprott.

The NUM also objects that the corporation's code differs significantly from the 1974 code issued by Acas, the conciliation service, on which the corporation says its own code is modelled. The two clearly diverge at several points.

Acas says an employee should have the right to be accompanied to a disciplinary interview by a trade union representative or employee of their choice. The corporation says managers have the right to approve the employees choice al-

though approval will not be unrestrainedly withheld.

Mr John Liprott, general secretary of the Union of Democratic Mineworkers, which broke away from the NUM after the miners' strike in 1985, said this was a significant advance for miners: "In the past there was no access to legal machinery. The union said that it would not take a case to an industrial tribunal, even if it was dissatisfied with the pit umpire's decision."

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UK NEWS

Welsh economy strengthening, say directors

BY ANTHONY MORETON, WELSH CORRESPONDENT

FURTHER EVIDENCE of the strengthening of the Welsh economy came yesterday from the Institute of Directors. Its annual business survey of Welsh companies found that nearly three-quarters reported an increase in the volume of business and more than half reported higher profits compared with the start of the year.

The report was prepared for the institute by Professor Brian Moores of the Cardiff Business School at the University of Wales Institute of Science and Technology.

Fifty-eight per cent of the companies interviewed felt that prospects were more favourable now than when they last reported six months ago, and 53 per cent said they were doing well or very well.

The survey confirms the broad outlines of a Welsh Development Agency report in March that the economy was expanding fast and the latest quarterly Confederation of British Industry survey which showed an encouraging upturn in activity.

The Government too is encouraged by the fall in unemployment which has been registered in each of the last 12 months, and other indicators showing a general pick-up in activity.

Prof Moores said: "There has been an increase in the degree of optimism over the same figure six months ago. The very low number of companies expressing themselves less optimistic is particularly encouraging."

BAe hands over first part of Saudi aircraft order

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FIRST two of 30 Hawk single-engined advanced training aircraft built for Saudi Arabia were handed over yesterday by British Aerospace at its Dunsfold, Surrey, airfield to Air Vice Marshal Ronald Stuart-Paul, director-general of the Ministry of Defence's Saudi Arabian project.

The Al-Yamamah project provides for BAe to supply Saudi Arabia with 72 Tornado

Twelfth set to be less than glorious

Financial Times Reporter

PROSPECTS for the Glorious Twelfth—the start of the grouse-shooting season today—are better than last year but the last few years' sharp decline in the number of game birds is still causing grave concern to the subsequent Labour administration.

But Mr Francis Maude—the fifth and latest to hold the post in Mrs Thatcher's governments but now known as corporate as well as consumer affairs minister—has a different view.

His philosophy is a return to the days of conservation—let the buyer beware.

The overall number of grouse is only a fraction of the 1975 population, says the body, which has launched a three-year study aimed at raising their numbers.

Grouse numbers have fallen steadily on the upland moors of northern England and Scotland since the mid-1970s because of disease and loss of habitat to agriculture.

The population is only about 20 per cent of that recorded in 1975.

The degree of success of Game Conservancy scientists in tackling a fatal grouse parasite is the main reason for the increased number of birds this year.

Mr Peter Hudson of the conservancy said that in Scotland "we may be on the verge of the big comeback. On some moors the number of grouse is up 50 per cent compared with last year, and in southern England where the population has always been higher, numbers are up about 40 per cent."

Neither the rate of inflation nor the level of interest rates appeared to loom large. However, the field work on the survey was undertaken before last week's 1 per cent rise in base rates.

Shooting starts on most moors today. Members of the Hunt Saboteurs Association are expected to gather on the Lancashire moors in an attempt to disrupt the occasion.

Scots supermarkets urged to buy locally

SCOTTISH supermarkets which stock English rather than home-produced goods are to be picked.

The Scottish National Party is aiming to persuade chain stores to put local produce which can be made at the same price on their shelves instead of importing from England.

The party said that stocking Scottish would help save jobs and keep alive the corner shop, which would otherwise be extinct by the year 2000.

With additional annual expenditure of about £5m over

David Churchill looks at the Government's changing attitude to customer protection Consumerism runs out of purchasing power

WHEN Sir Geoffrey Howe became minister for consumer affairs in 1973, the government's role in championing the cause of the consumer went unquestioned.

It was almost an inviolable rule that consumers needed to be protected from unscrupulous companies by a wide range of legislation—a view shared by Mr Roy Hattersley and Mrs Shirley Williams in the subsequent Labour administration.

But Mr Francis Maude—the

fifth and latest to hold the post in Mrs Thatcher's governments but now known as corporate as well as consumer affairs minister—has a different view.

His philosophy is a return to the days of conservation—let the buyer beware.

The consumer movement, therefore, remains at a crossroads, faced with a *laissez-faire* government attitude to the role of consumer protection and the lack of a clear direction for the 1990s.

Should the consumer movement, for example, embark on a more radical approach in the style of Mr Ralph Nader, the US consumer champion and hit the corporate sector where it hurts most—in its pocket through consumer boycotts and court action?

Mr Maude, 34, who was still at university when Sir Geoffrey Howe became consumer affairs minister, does not see the need for such concerted action.

The best way to protect consumers is to keep them informed of the choices they have and to help guide them in the right direction," he says.

"I do not think it is right that government can solve all the problems facing the consumer."

Consumers safety, he believes, is a case in point. The recent legislation, for example, puts a general duty on all suppliers of goods to ensure that they are reasonably safe when supplied.

Mr Maude says: "This is the legislation ensures that there are certain minimum safety standards but then consumers have

paper on consumer safety which brought in much-needed improvements; and it reformed the much-abused regulations governing the way in which retailers can make bargain offers to the public.

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Mr Maude says: "This is the legislation ensures that there are certain minimum safety standards but then consumers have

a choice—along with questions of price and quality—about whether or not they buy a product if they still consider it unsafe."

After all, "we are doing no favours to consumers if we put too onerous restrictions on manufacturers' ability to produce goods that consumers want to buy."

Such a view is almost guaranteed to raise the hackles of consumer activists who see products as a key area where the Government should be more interventionist, but British firms are not convinced that the Government is on their side when it comes to consumer protection issues.

Mr Maude sees the consumer affairs part of his job as largely to act through the introduction of the safety and product liability changes outlined in the legislation but he has two other

consumer protection measures to consider.

At some stage the Government has to implement the EC directive on door-to-door selling which aims to prevent consumers being unfairly pressured into buying goods from door-to-door salesmen. Mr Maude is also seeking recommendations from the Law Commission on changes to the law covering the sale and supply of goods.

Mr Norman Rose, the CBI's deputy director in charge of legal affairs, says: "As the burden of proof on plaintiffs is being reduced, it is likely that claims against companies will increase."

The CBI consequently urges member companies to review urgently their current procedures and practices affected by the legislation.

At the same time the consumer movement feels that the Government has given in to big business. The Consumers' Association says it was disappointed that the recent legislation allowed manufacturers a "development risks defence"—a loophole enabling manufacturers to limit their liability for defective products if they can show that technical knowledge at the time the product was developed meant that the defect could not have been foreseen.

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possibilities in the transmission sector.

The had built up a healthy switching business in the UK with special-purpose telephone exchanges aimed at adding extra features to the digital system being installed by British Telecom.

Mr Manley said APT's UK turnover should reach about £50m this year and that the company should break even by the end of 1988.

The European group as a whole, which has headquarters in the Netherlands, had sales of about £1.75bn (£222m) last year. It also expects to break

even in 1988.

APT was formed in 1984 as a equal share joint venture with the aim of combining AT&T's experience with Philips' knowledge of the European market.

It is responsible for adapting and selling AT&T products in most non-US markets, and also inherited a number of Philips telecommunications products.

The new UK factory, which should move into production by the middle of next year, will be devoted mainly to producing multiplexer equipment—devices used for concentrating call signals to exploit line capacity.

SCOTTISH ROAD SERVICES, a member company of the employee-owned National Freight Consortium, has won a £5m contract to provide a distribution and delivery service for Gateway Foodmarkets. The five-year agreement with Gateway, which also trades in Scotland, will start on September 21. The contract package involves transporting goods from Gateway's East Kilbride warehouse complex to locations throughout Scotland.

Scottish Road Services will acquire some vehicles and trailers from Gateway, and employment will be offered to some Gateway staff.

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Freight group wins £9m work

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in new evidence which it had obtained since the hearing before the General Commissioners, and could not with reasonable diligence have obtained before.

It showed that out of the money received by GPD from De Lorean Design, GPD paid £60,000 on November 14 1978 to a numbered account with Phillips' knowledge of the European market.

It carried out a lengthy investigation into the books of the Lotus companies. On December 16 1983 it made a number of estimated assessments on the companies for the accounting period ending December 31 1977 and subsequent years. Some had been withdrawn, but some remained outstanding, for £5m each.

The Lotus companies appealed against the assessments. The General Commissioners correctly formulated the point at issue, which was to decide how much, if any, of the money paid to GPD came into the control of Lotus or its officers.

They all agreed that the two outstanding assessments ought to be reduced, and they ordered accordingly.

Their view was that the assessments could only be justified if there had been fraud on the part of the Lotus companies or their officers, and that if fraud was in question, the onus was on the Revenue to prove it. The Revenue failed to discharge that onus, and so the assessments were discharged.

The assessments were raised in due time "not later than six years after the end of the chargeable period" (section 34 of the Taxes Management Act 1970).

Section 36 of the Act provided that where fraud or wilful default had been committed in relation to tax assessments might be made at any time — i.e., even after the expiration of six years after the end of the chargeable period.

With out-of-time assessments the onus was on the Revenue to prove the fraud or wilful default. Where the assessments were made in time, as they were in the present case, the burden lay on the taxpayer to dispute them.

The General Commissioners misdirected themselves in law over the onus of proof when they made their decision.

The issue was whether the remitted case should be heard merely on the evidence which was before the General Commissioners, or whether, as the Vice Chancellor held, there should be power to adduce fresh evidence.

The Revenue wanted to put

forward new evidence which was omitted in the original hearing.

Such a multiplicity of proceedings would not be sensible.

For Lotus: Leslie Price QC and James Murby QC (Gouldens).

By Rachel Davies Barrister

CORRECTION

The name of yesterday's

case, which was omitted, was THE NORDCLIFFE.

FT LAW REPORTS

New evidence is admissible in Lotus tax case

BY BRADY V GROUP LOTUS CAR COMPANIES PLC AND ANOTHER
Court of Appeal (Lord Justice Dillon, Lord Justice Mustill and Lord Justice Balcombe); July 31, 1987

WHERE A tax appeal is submitted to commissioners on an error of law, fresh evidence will be admissible, contrary to the general rule, if it is highly material to the rehearing and if the court suspects fraud on the part of the taxpayer.

The Court of Appeal so held (Lord Justice Mustill dissenting) when dismissing an appeal from a decision by Sir Nicolas Brown-Wilkinson, Vice-Chancellor, remitting to Special Commissioners a tax appeal by Group Lotus Car Companies plc and Lotus Cars Ltd.

LORD JUSTICE DILLON said that in the years down to 1978 the Lotus companies had been engaged with some success in the manufacture of high quality sports cars and in building specialized cars designed for the race track.

The driving force behind the companies, until his death in December 1982, was a Mr Colin Chapman. His right hand man for many years was a Mr F. R. Bushell who became managing director of Lotus Cars on Mr Chapman's death.

In 1978 the Lotus companies became involved in the formation of the De Lorean motor car. There were three relevant agreements, all dated November 1 1978.

Under the first, a company called GPD Services Inc agreed to provide its services for design, test and calculation work on a sports car, the DMC 12. It was provided that Lotus Cars and Mr Chapman would do the work.

Under the second agreement Lotus Cars warranted and guaranteed to De Lorean Research and De Lorean Motor Cars the timely and full performance of GPD's obligations under the first agreement.

The third agreement was between GPD and Lotus Cars. Lotus Cars agreed to carry out research design and development work on sports cars.

GPD was a Panamanian company controlled by Mr and Mrs Julian of Geneva. It had an address in Geneva and a bank account. It had neither facilities nor experience for research design or development work on sports cars.

On the signing of the first agreement, however, it received \$17.65m from De Lorean Motor Cars and De Lorean Research. Some \$8.5m was paid out to Mr Julian personally, but a balance of \$9.15m remained

in new evidence which it had obtained since the hearing before the General Commissioners, and could not with reasonable diligence have obtained before.

It showed that out of the money received by GPD from De Lorean Design, GPD paid £60,000 on November 14 1978 to a numbered account with Phillips' knowledge of the European market.

It carried out a lengthy investigation into the books of the Lotus companies. On December 16 1983 it made a number of estimated assessments on the companies for the accounting period ending December 31 1977 and subsequent years. Some had been withdrawn, but some remained outstanding, for £5m each.

The Lotus companies appealed against the assessments. The General Commissioners contended that if directors intercepted and appropriated moneys due to the company, the monies received as payment of the company and might be taxable accordingly.

The general rule was that the parties in a tax appeal should not, in the absence of special circumstances, be enabled to go back to the Commissioners and call fresh evidence on issues which were raised in the original proceedings.

The Vice-Chancellor, however, allowed the fresh evidence to be adduced at the rehearing of the remitted case. He applied the principle in *Mc Flewings* (1961) 2 QB 366, that where a party deliberately misled the court in a material matter, and that deception had probably or might reasonably have tipped the scale in his favour, it would be wrong to allow him to retain the previous decision.

Mr Price for Lotus submitted it would be wrong to allow the Revenue to profit from the guidance just because there was a chance to have been an error in the original decision set aside as having been improperly obtained, since the evidence was that Mr Bushell knew of the payments and deliberately failed to disclose them.

Assuming the proceedings to set aside were successful, as was in the highest degree probable, there

UK NEWS

Ulster devolution talks 'mildly encouraging'

By JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TALKS in London yesterday between Ulster unionist leaders and officials at the Northern Ireland Office on the possibility of some form of devolved government for the province were described by Whitewall as "mildly encouraging".

The meeting was between Mr James Molyneaux, leader of the Ulster Unionists, and Rev Ian Paisley, leader of the Democratic Unionists, on the one side and Sir Robert Andrew, permanent under-secretary at the Northern Ireland Office, and Sir Kenneth Bloomfield, head of the Northern Ireland Civil Service, on the other.

A further meeting is to be held later this month. Although this was being seen as a good omen, it was being emphasised that the series of meetings was still at the stage of "talks about talks" and that much more progress would have to be made for negotiations to reach a meaningful stage.

The first meeting in the series took place last month. The talks had been entered into without preconditions, and both sides have agreed not to make public comment on their contents.

Diplomacy lacking at the Irish embassy

By Ralph Atkins

STAFF at the Irish Embassy in London went on strike yesterday after being asked to return to Dublin.

The protest, involving 20 mainly clerical workers at the embassy in Grosvenor Place, threatens to disrupt postal and consular services and brings a new Irish problem to within yards of the Queen's back garden at Buckingham Palace.

A task force of the Ulster unionists has recommended that they should hold talks with the Government to seek a reasonable alternative to the 18-month-old agreement.

Mr Tom King, Northern Ireland Secretary, who was not present at yesterday's meeting, has said he is eager to see the discussions carried forward.

Dr Robert Eames, the Church of Ireland Primate of All Ireland, plans his own initiative to seek an end to the political stalemate. Later this summer he intends to invite main political party leaders to a meeting to establish if there is a will to break the impasse.

One striker said: "There is absolutely no reason why I do not want to work in Dublin. It is just that I should have the chance. I should have the choice."

The workers, many of whom have lived in England for nine years, say prices in London, with the exception of accommodation, are lower than in Ireland.

Many would have to break strong ties if sent back to Dublin and have the full sympathy of colleagues there.

Mr Pat Magee, from the Dublin-based Civil & Public Sector Union, said: "They have made their homes in London. Some have even married Englishwives and have families there."

The embassy said the strike would delay the issue of passports and some other services. Now is it the best time to be presenting for Mr Andrew O'Kearney, who became ambassador only a few weeks ago and now finds himself without a typist.

Yesterday the Department of Foreign Affairs in Dublin issued a statement stating that staff are required "to perform any duties assigned to them from time to time as appropriate to the grade."

And that applies whether they are sent to Bangkok, Baghdad or London.

Three bankers appointed to Sedgwick board

By Nick Barker

SEDGWICK GROUP, the world's third largest insurance broker, has appointed three international bankers as non-executive directors, bringing to 18 the total of non-executive seats.

The three are Mr Hanford, former chairman and chief executive of Hanford Bank; Mr Franz Reiss, general manager of Swiss Bank Corporation; and Mr Pierre Moossa, former chairman and chief executive of Banque Paribas.

Mr Moossa is also chairman of Dillon Read, an investment bank 50 per cent owned by Travelers Corp, a large US insurance company.

Mr George Hilton, Sedgwick's group secretary, said Sedgwick had significant interests in Europe and the three appointments would add extra expertise.

Mr Peter Jones, secretary of

Pension fund to float property arm in US

By Hugo Dixon

THE BRITISH Coal Pension Fund is planning to float Pan-American Properties, its \$400m (\$224.7m) UK property subsidiary, on the US stock market in the next three months in order to reduce its exposure to the dollar.

The fund will sell up to half of the equity in Pan-American, while still retaining control.

This is believed to be the first time a British pension fund has floated an property assets in this way.

Mr David Prosser, chief executive of CIN Management which manages the pension fund, said the fund had large assets in the dollar both through the stock market and through property. "Together, the exposure is too great to the dollar," he said.

However, the fund did not want to sell off individual properties, because it liked the spread of Pan-American's portfolio. Floating the company was a "way of top-slicing, while retaining control," he added.

Mr Prosser said he expected the flotation to take place within three months, provided market conditions were satisfactory.

Foreign cars account for more than half of sales

By John Griffiths

CARS with more than 80 per cent local content account for less than half of sales so far this year.

This is in spite of statistics from the Society of Motor Manufacturers and Traders earlier this week showing that imports accounted for only 49.92 per cent in the first seven months.

The society figures include as British Nissan Bluebirds assembled at Washington, Tyne and Wear.

However, under the terms of Nissan's agreement with the Trade and Industry Department, output of 24,000 cars a

Notice to purchasers of baths made by Spring Bathrooms between August 1986 and May 1987:

During this period about 3,500 baths, labelled and described as being made from "ICI Perspex" and with a 20 year guarantee, were, in fact, constructed from extruded material not made by ICI which does not comply with the minimum British Standard BS4505 for baths. These baths, forming part of a production run were made and sold by Ram Bathrooms plc who trade as Spring Bathrooms. Perspex acrylic sheet manufactured by ICI for bath manufacture does not comply with the British Standard.

ICI has obtained judgment against Ram Bathrooms plc from the High Court in London prohibiting Ram from selling any more wrongly labelled baths. ICI has also managed to trace almost 500 of those baths already sold but unfortunately, despite ICI's best efforts, the balance of the wrongly labelled baths remain untraced and it may be that one of them is installed in your bathroom.

Baths manufactured from the extruded material can be identified by inspection of the edge of the bath: they have an extra intermediate layer between the coloured acrylic face and the white fibreglass reinforcement, and the intermediate layer usually appears dark. Baths manufactured from Perspex have no such intermediate layer.

If you bought a Spring Bathrooms bath which was labelled as being made from "ICI Perspex", and which you believe to have been wrongly labelled, you are entitled to contact Ram Bathrooms plc and/or your bath supplier and ask for a bath made from genuine Perspex to be provided for you.

Alan Pike and David Thomas profile the incoming chairman of a large state industry Post Office chairman who hopes to deliver

SIR BRYAN NICHOLSON, who was yesterday appointed chairman of the Post Office, went to the Manpower Services Commission on secondment from Rand Xerox three years ago.

He had little public profile before his appointment as the commission's chief. The sober-minded businessman succeeded Mr David Young, now Lord Young, the fast-rising politician. One senior commission official, who had been hoping for a household name to follow Lord Young, greeted the new chairman as a household name in his own household.

Sir Bryan is probably little better known by the public three years later, as he takes up the chairmanship of one of the state industries most in the public eye. With a few exceptional moments — such as the occasion last year when he became British workers and managers alike as a "bunch of thickies" because of their inadequate training — he has never looked like becoming a well-known figure.

However, he has quietly brought both business and political skills to the MSC chairmanship which have won the respect of civil servants, and both employers and trade union leaders on the commission.

His previous background in the private sector has led to a determination that the commission should function in an efficient, businesslike manner and a thirst for detail which will

translate easily to his new post. A conviction that British companies would improve their investment in education and training only if they were convinced that the results would show in the balance-sheet has guided many of his actions during his MSC chairmanship.

Although the MSC remains a tripartite body run by an independent commission, its priorities have increasingly been set by the Government. Sir Bryan has supported these priorities, but shown calmness and an independence of style in carrying them out.

These qualities will be sorely tested if the Government ever decides to privatise parts of the Post Office, a move which would be greeted by fierce resistance by the postal unions, which still wield considerable influence in the corporation.

When Sir Bryan arrived at the MSC several small wars were in progress. The further education service was furious over Government proposals to transfer large amounts of further education spending to the commission, and a restructuring of the Jobcentre network was provoking widespread opposition.

Some observers thought Sir Bryan would lack the political experience to resolve such problems. But then — and since — he has shown considerable ability in bringing together the often opposed interests of the employers,

A drive on costs paved the

way for the Post Office's ability to keep down prices. Pioneering deals with the postal unions allowing greater labour flexibility and the use of more part-time workers have underpinned this exercise in an industry where labour accounts for as much as two-thirds of costs.

This has fed through into the bottom line, with the corporation consistently turning in profits — almost unique among postal administrations throughout the world.

Yet Sir Bryan still has plenty to do in his new post. Priority number one, at least in the eyes of many consumers, is improving on letter delivery times: last year about 87.7 per cent of first class letters were delivered the day after posting, against a target of 90 per cent.

He will be "building on the considerable achievements of Sir Ron Dearing,"

Consumer organisations agree.

"The economies of the whole thing are good now. Volumes are going up and staying up," according to Mr Julian Blackwell, chairman of the Mail Users' Association and of the Blackwell Group.

Against many expectations, the number of letters sent has increased 25 per cent over the past five years.

Sir Bryan will be faced with the task of tackling the unofficial disputes in some blackspots, such as parts of central London, which are a testament to the continuing resistance to the productivity deals among some local activists.

He will also need to manage



Sir Bryan: has shown calmness and independence

the smooth introduction of the Post Office's ambitious plans to automate key parts of its operations, such as its counters.

Sir Bryan believes his patient dealings with the unions at the MSC and, before that, his management of a high tech organisation as chairman of Rank Xerox UK demonstrate the right track record for the job.

He summed up his task as completing the transformation of the Post Office started by Sir Ron into a market-driven, commercially oriented organisation.

BBC vans to be given a facelift

By Fiona McEwan

THE BBC is sharpening the image of its 1,000-strong fleet of commercial vehicles with a new livery and logo.

The facelift, the first since the corporation's inception more than 40 years ago, is an attempt to promote a more contemporary image.

Mr Michael Bunce, controller of information services, said:

"Over the past few years the excellence of the BBC programmes has not been sufficiently reflected in the identity of its livery."

Instead of the green of the present vans, which have been described as dowdy, the new look colour will be grey.

Side posters promoting long-running BBC programmes, such as the test match or the Proms, also show that the BBC is not averse to advertising itself.

"The vehicles will be elegant travelling ads for our programmes and networks," said Mr Bunce. The corporation's initiatives have also been redefined and colour-coded to identify different television regions.

The BBC insists that the new look, in the pipeline for more than a year, is unconnected with the appointment early this year of a new director general. The cost of the project, handled by the Michael Peters Group, is not disclosed.

Although the new logo is likely to be applied in time to suit other things as stationery, it is unlikely to be seen on screen in the immediate future.

MoD admits frigate computer project delay

By TERRY DODSWORTH, INDUSTRIAL EDITOR

THE Royal Navy's Type 23 frigates will be forced to enter service without a fully completed combat system to run their weapons systems, the Ministry of Defence admitted yesterday.

The announcement follows several months of speculation about the future of the warships' computers after the original project to upgrade the Navy's Ferranti CACS system ran into trouble.

Because of these problems the ministry has decided to abandon the CACS product line after spending about £30m trying to upgrade it to meet more complex data processing requirements.

A new system is to be developed. This will require a definition phase of about a year to decide on the appropriate product, followed by detailed development and production

work which will push back the original programme for integration in the Type 23s.

Contractors die at the centre of a modern warship's weapons capability, so that the computer can handle the many requirements thrown up by the progress in electronic warfare.

The ministry's decision reflects the shift in defence procurement towards more competitive forms of tendering for both design and production work. It also underlines the Government's sensitivity to the computing needs of future generations of weapon systems

— a point which was proven by the abandonment of further development of its Nimrod maritime early warning system last year, partly because of problems associated with its computer.

The two consortia chosen for the £2.5m definition studies on the new project will include Ferranti, which has had a virtual monopoly of shipboard computing systems for the Navy for many years. Ferranti will be working with Logica, a UK software house, and will be competing against Plessey, which is involved in Navy projects and which will undertake joint development.

The ministry, which said yesterday that the new computer system would not be available before the "early 1990s," sought to play down the effects of the delays on the computer system, stressing that ships' officers would be able to operate all the weapons and sensors individually.

The first of the Type 23s, four of which are on order, was launched a few weeks ago, but is unlikely to be fully fitted out for service before 1990.

Whichever wins, the final production contract could award work estimated by City analysts to be worth between £150m and £300m over a 10-year period.

One of the first courses to be produced will be on selling techniques for the retail sector. Business and management skills are also emerging as a strong theme.

Details of the courses, which are attracting attention from other countries, will be announced at the end of this month.

The college hopes to attract 50,000 students in its first year. A recent documentary by Granada TV on the college and Weekend Television generated more than 2,500 inquiries.

Open College broadcasts start next month

By Raymond Snoddy

THE OPEN COLLEGE, the distance learning initiative which will use broadcasting to improve its vocational training, plans to offer more than 50 courses in its first year.

The first programme, an hour-long live general production for new learners, will be broadcast on Channel 4 on Monday September 21.

The Government has contributed £15m to set up the college, which is intended to complement the Open University.

Miss Sheila Innes, chief executive of the Open College, said yesterday that each day would have a distinct theme in the Channel 4 schedules, although BBC television and radio and ITV would also broadcast in individual programmes.

On Mondays there would be general live programmes for learners produced by Yorkshire

Television, and on Fridays a regular programme for tutors produced by Diverse Productions, an independent production company.

Tuesday programmes would concentrate on "getting started" and were expected to concentrate on basic skills such as numeracy and literacy. Wednesday would deal with personal skills, including business and management, and Thursdays would feature technology.

One of the first courses to be produced will be on selling

June trade deficit falls sharply

By Janet Bush

THE current account of the balance of payments remained in deficit in June, but the shortfall of £168m was sharply reduced from May's £527m deficit, according to figures released yesterday by the Trade and Industry Department.

The figures show a £768m shortfall on visible trade, reflecting still-strong growth in imports and less dynamic growth in exports. June's visible deficit was only partly offset by a £600m estimated surplus on trade in invisibles. June's deficit compares with the £1.15bn shortfall on visible trade recorded in May.

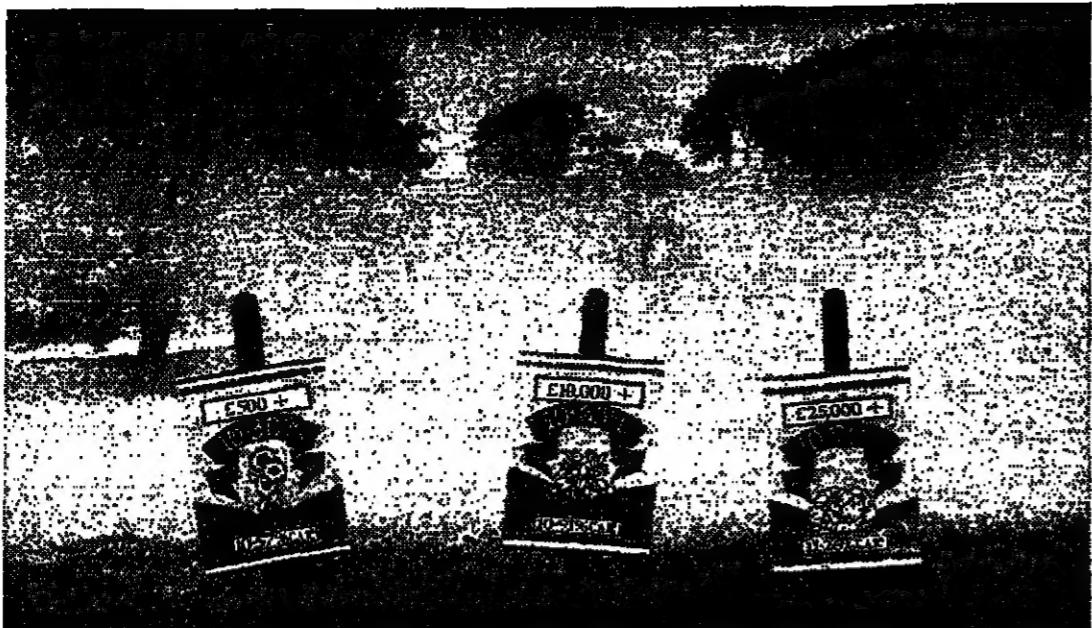
Taking together the three months April to June, there was a deficit on visible trade of £2.4bn made up of a surplus on trade in oil of £1.6bn and a deficit on non-oil trade of £3.5bn.

The visible balance has deteriorated by £1.3bn since the first quarter, reflecting mostly a sharp rise in the deficit on non-oil trade.

The volume of total exports fell by 3 per cent between the first and second quarters to a level 31 per cent higher than in the April to June period last year. Excluding oil and erratic

items, the growth in import volume between the two quarters was also 31 per cent and 31 per cent above the second quarter, 1986. Within these totals, imports of cars and consumer goods stood out. Car imports grew 18 per cent between the first and second quarters and finished consumer goods imports increased by 10 per cent. The import of capital goods was only 21 per cent higher in the period from April to June compared with January to March.

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WESTCOTT (INSPECTOR OF TAXES v. WOOLCOMBERS LTD.)

Court of Appeal (Lord Justice Fox, Lord Justice Nourse and Sir Denis Buckley): July 31, 1987

WHERE A company transfers shareholdings to another company within its group in exchange for an issue of shares, the transaction for its own corporation tax purposes is deemed not to be a disposal; but on subsequent disposals of the same asset within the group, allowable loss or chargeable gain is assessed on the basis that the exchange was a disposal and that each company gave a consideration for the asset equal to the price paid for it by the original company.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Justice Hoffmann's decision (1985 2 FT 117) that a disposal by a subsidiary company, Woolcombers Ltd, of an asset bought from another subsidiary in the same group, gave rise to an allowable loss for corporation tax purposes.

Paragraph 2(1) of Schedule 18 to the Act imposed a special rule in relation to a disposal by one member of a group to another. It imposed the assumption that the disposal was made for such consideration as would secure that neither a loss nor a gain would accrue to the disposer company.

The General Commissioners found that the transfers of shares from the parent to Topmakers, and from Topmakers to Woolcombers, were disposals from one member of a group to another.

They therefore held that in each case the acquiring company must be regarded as having given the same consideration for the shares in the three companies as the parent gave when it purchased them.

Paragraph 4(2) of Schedule 7: "... where a company issues shares ... to a person in another company, paragraph 4 above shall apply as involving any disposal of the original shares ... and the new holding ... shall be treated as the same asset."

Paragraph 6(1) of Schedule 7: "... where a company issues shares ... to a person in another company, paragraph 4 above shall apply with any necessary adaptations as if the two companies were the same company and the exchange were a reorganisation of its share capital."

LORD JUSTICE FOX said that in 1968 a parent company acquired the issued share capital of three companies for £1,270,380. The argument was based on Schedule 5, paragraph 4(2), and 6(1) to the Act.

On March 23 1986 it transferred the shares in those companies to its wholly-owned subsidiary, Topmakers, in consideration of 1,999,900 newly-issued shares in Topmakers.

Topmakers sold the shares in the three companies to another subsidiary, Woolcombers, for £501,233.

On January 7 1987 the three companies went into voluntary liquidation. The market value of the assets received by Woolcombers on distribution in the liquidation was £501,233.

The dispute was whether the distribution gave rise to a loss available to Woolcombers for corporation tax purposes.

Chargeable gains were computed on the rules applicable to capital gains tax, under which consideration for the acquisition of an asset was deducted from the consideration for its disposal.

The relevant disposal by Woolcombers was the liquidation of the three companies. The consideration was the £501,233 market value of the proceeds of the liquidation. The issue was the amount of the consideration for which Woolcombers was deemed to have acquired the shares from Topmakers. The operative statute was the Finance Act 1986.

Paragraph 4(2) and 6(1) to the Act imposed a special rule in relation to a disposal by one member of a group to another. It imposed the assumption that the disposal was made for such consideration as would secure that neither a loss nor a gain would accrue to the disposer company.

Those "fictions" were only applicable to a case which was within paragraph 6(1) "with any necessary adaptations."

Paragraph 4(2) was concerned with one company situation, where the shareholding started and finished with shares in the same company.

Paragraph 6(1) was concerned with a two company situation, where the shareholding started with shares in one company and ended with shares in a different company.

That was the present case. The parent started with shares in the three companies and finished with shares in Topmakers.

The Revenue appealed. Mr Justice Hoffmann dismissed the appeal.

The Revenue contended that the Commissioners were wrong in concluding that there was a "disposal" of the shares of the three companies by the parent company to Topmakers, and that paragraph 2(1) therefore did not apply.

The argument was based on Schedule 5, paragraph 4(2), and 6(1) to the Act.

Paragraph 6(1) applied "where a company issued shares ... in exchange for shares ...". Topmakers issued shares to the parent in exchange for the shares in the three companies.

Therefore paragraph 4(2) applied "with any necessary adaptations".

adaptations as if the two companies [Topmakers or each of the three companies] were the same company and the exchange were a reorganisation of its share capital."

The Revenue contended that the result of those provisions was that the parent must be treated as not having disposed of the shares in the three companies to Topmakers, or having acquired the shares in Topmakers.

The dispute was whether the distribution gave rise to a loss available to Woolcombers for corporation tax purposes.

Chargeable gains were computed on the rules applicable to capital gains tax, under which consideration for the acquisition of an asset was deducted from the consideration for its disposal.

The relevant disposal by Woolcombers was the liquidation of the three companies. The consideration was the £501,233 market value of the proceeds of the liquidation. The issue was the amount of the consideration for which Woolcombers was deemed to have acquired the shares from Topmakers.

The combined effect of paragraphs 4(2) and 6(1) was to impose two fictions—the no disposal fiction "... shall not be treated as involving any disposal ..." and the composite single asset fiction "... the original shares ... and the new holding ... shall be treated as the same asset..."

Those "fictions" were only applicable to a case which was within paragraph 6(1) "with any necessary adaptations."

Paragraph 4(2) was concerned with one company situation, where the shareholding started with shares in the same company and finished with shares in the same company.

Paragraph 6(1) was concerned with a two company situation, where the shareholding started with shares in one company and ended with shares in a different company.

That was the present case. The parent started with shares in the three companies and finished with shares in Topmakers.

In the two company situation some adaptation of paragraph 4(2) (which was designed for the one company situation) was necessary.

Thus, in the present case, the composite single asset fiction could not be fully applied. The shares of the three companies in the hands of Topmakers could not be regarded as the same asset as the newly issued holding, which was in different ownership.

The appeal was allowed.

Lord Justice Nourse agreed.

Sir Denis Buckley gave a concurring judgment.

For the Revenue: Christopher McColl QC (Inland Revenue Solicitor).

For Woolcombers: Andrew Park QC (Herbert Smith & Co).

By Rachel Davies
Barrister

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JOBS

Further laws of organisational stupidity

BY MICHAEL DIXON

JUST in case other readers share the suspicions harboured by a certain John Pettinger of Bracknell, there is something which needs to be confirmed. It is that the Jobs column has not been banned by the Law Lords from printing anything further about the laws of organisational stupidity.

The reason for the lengthy silence is that the work done on the topic since last December has been mainly to refine the 17 such laws already formulated. Take, for example the one called "Winkler's Twist in honour of its discovery by the sociologist Jack Winkler.

What he discovered was that if you pay all the other benefits of a job, so that the workers come to expect them as a matter of course, they cease to have a motivating effect. The only way an employer can use them as an incentive to work harder and better is to threaten to stop giving them. In that case, instead of motivating positively as rewards to the workers who receive them, they do so only negatively as punishments to those who do not. The same applies the other way round if penalties prescribed for idle doing are over-countenanced too.

In the article in which I last printed it, Winkler's Twist stated: Routine responses motivate only those they are withheld from. Although that was patently an unsatisfactory wording, it was the best that could be managed at the time.

While the problem of improvement was being wrested with, it was realised that the law is more generally applicable than had previously been recognised.

For instance, it covers not only bureaucratic-type salary systems but also the phenomenon of the mechanical alarm clock that does not prevent you from sleeping by its ticking, but wakes you up when it stops.

So it has now been rephrased to state: Routine events stimulate only when they fail to occur.

But nitty-gritty work like that is not all that has been going on. There have also been initial talks with a manager of an eminent book-publishing company who is interested in putting out a slim volume about the laws if he can persuade his organisation that anyone would be likely to buy a book on such a subversive topic. Moreover two further laws have been provisionally formulated to bring the total up to 19.

The first of the additions, contributed by reader Michael Nevin, is named Solzhenitsyn's Shackle because "the hub of it all is spelled out in Alexander Solzhenitsyn's book August 1914". The opposite passage, in chapter 24, reads:

"The army will gladly pay tribute to a brilliantly gifted man—but only when his hand is already grasping a field marshal's baton. Then, while he is still reaching for

it, the army's system will subject his outstretched arm to a rain of blows.

Discipline, which holds an army together, is inevitably hostile to a man of thrusting ability, and everything that is dynamic and heretical in his talent is bound to be shackled, suppressed, and made to conform. Those in authority find it intolerable to have a subordinate who has a mind of his own; for that reason, an officer of outstanding ability will always be promoted more slowly, not faster, than mediocrities.

Hence Solzhenitsyn's Shackle, which rules: Excellence rises at a decelerating rate as the promotion ladder lengthens.

The second addition emerged from observations made by one of my colleagues, and so is named after her. It is Selby's Scrambler, and states: "Every about a child's wishes multiply about each link in the chain of command."

The scrambler also has an army context because it covers the legendary commander's message to "send reinforcements, we're going to advance" which, having been relayed down the line, reached headquarters as "Send three and fourpence, we're going to a

But the same law is of course continually at work in large organisations of all kinds. One of the most arresting in

stances I know of its working in the business world is the following incident, which was reported by a big-company middle-manager to the American management writers Rosabeth Kanter and Barry Stein

scrambler indicate that, if there is any question important to subordinate rankers on which the chief might be expected to have a wish but has not expressed one, then myths will rush in to fill the gap.

Even with the two recent additions, however, the search for new laws is not complete.

For example, there was a luncheon with some board members. The vice-chairman mentioned that he was looking for a car for his daughter. A courtier thought: "We'll take care of it." He went down the line, and someone in purchasing had to spend half a day doing this. The guy who had to do it resented it, so he became antagonistic to the top.

The vice-chairman had no idea this was going on, and if he had known, he would probably have stopped it. But you can't say anything at the top without having it seen as an order. Even ambiguous remarks may get translated into action. At the top you have to figure out the impact of all your words in advance because an innocent question can have a major effect."

Although one lesson from that incident for senior managers is careless talk can cost millions, the unfortunate fact is that they cannot rule out similar unwanted goings-on merely by keeping silent—or not if their company is organised in a bureaucratic way. For the observations that gave birth to the

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THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS

16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4

LLOYD'S AVENUE, LONDON EC2

FINANCIAL COPY/REWRITE EDITOR

London

Prestigious investment banking house seeks experienced copy and rewrite editor to edit brokerage house reports. Financial background, strong logic, keen eye for detail, proof-reading skills, and ability to work quickly and efficiently under pressure required. Some knowledge of graphics, layout, and word processing helpful. Send resumé in confidence to:

T.G. West, Managing Director, (Ref: 5769), Associates in Advertising, Columbia House, 69 Aldwych, London WC2B 4DX or telephone on 01-709 3290 and speak to Jean Kelman (transfer charge).

Please state any company to which your application should not be sent.



BANKING MANAGER

As a result of rapid expansion in the demand for its mortgage products, we now require an AIB to take the role of Banking Manager within Hill Samuel Personal Finance.

This position, which will be based in modern offices in East Croydon, will appeal to the career-minded banker who will welcome the challenge of setting up and running a banking department responsible for all aspects of mortgage administration, including charged securities, customer services and accounting. Plans for the future include the expansion of the range of personal credit services together with the introduction of a number of deposit-related products and the successful applicant will be expected to contribute at senior level in these developments.

The ideal candidate will be an enthusiastic AIB with a retail banking background who has had some experience as assistant manager level. The position reports directly to the Financial Director and carries a competitive remuneration package including subsidised mortgage. Success in the appointment will be rewarded by the provision of a company car.

Please apply with brief C.V. and details of present salary to: Mr. P.J. Handford,



HILL SAMUEL PERSONAL FINANCE,
6 Greencoat Place, London SW1P 1PL.
Tel: 01-828 5241

ASSET FINANCE SPECIALISTS

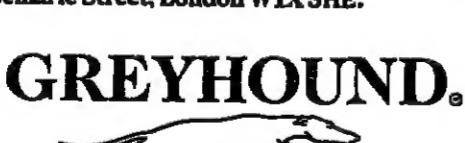
Excellent salary + car + benefits

The General Equipment Division of Greyhound Financial Services Ltd. requires additional persons to join its expanding sales and marketing team.

Candidates should be of graduate calibre and have a successful track record in the area of medium ticket asset finance (min. advance £100,000).

If you have the negotiating skills to be successful in this highly competitive and challenging area and would like the opportunity of working with a small team of experts then please send full C.V. to:

Miss P Taylor, Greyhound Financial Services Ltd.,
11 Albemarle Street, London W1X 3HE.



Satisfied with your prospects?
Bankers | £10,000-£15,000 | Wimbledon

BIS Banking Systems is the leading supplier of computer systems and services to the world's international banks. Our continuing high growth is due to the success of our people. Opportunities exist now for qualified or partly-qualified ACIBS, probably in their 20's, to join in that success.

Building on your potential through comprehensive training and supervised practical experience, we will provide you with a sound knowledge of international banking and data processing.

BIS Banking Systems
Careers with the Midas Touch



Wardley Investment Services Singapore

Investment Manager

Due to the rapid expansion in the management of international discretionary funds, the Singapore office of Wardley, a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation, seeks suitably qualified Investment Managers.

Candidates should preferably be residents of Singapore or Malaysia and have a minimum of three years' experience in portfolio management or international stockbroking.

Attractive remuneration package and excellent opportunities await successful applicants.

Please reply with full curriculum vitae to:

Mrs. H. M. Davies, Personnel
WARDLEY INVESTMENT SERVICES
INTERNATIONAL LIMITED
99 Bishopsgate, London EC2P 2LA

ISLE OF MAN STOCKBROKERS REQUIRE

PORTFOLIO MANAGER

Applicants should be experienced in managing Private Client Financial Institution.

OFFICE MANAGER

Candidates should have had at least 5 years' experience in a similar position with a Stockbroking firm.

DEALERS

Qualified applicants will have been in a Stockbrokers' dealing room environment for a number of years and be prepared to Persons wishing to move to a pleasant working environment in this rapidly expanding tax haven should reply to:

The Personnel Director
R. L. Scott & Co (I.O.M.) Ltd
Exchange House
54/58 Athol Street
Douglas
Isle of Man

Investment Analysts

Disillusioned with Commuting?

We are a North-West based stockbroking company which is part of a publicly-quoted and developing financial services group.

The expansion of the Research Department has created opportunities for young and enthusiastic, professional people to add to our well-established and expanding team.

The responsibilities will cover all aspects of investment research, although the department specialises in companies capitalised at under £50m. Vacancies exist at trainee level for candidates who are graduates and at a more experienced level for analysts who are expected to possess Stock Exchange or Society of Investment Analysts qualifications. Salary and benefits will vary according to qualifications and experience but will be fully competitive.

Prospective applicants should write to:

Mr. R. T. Race, Research Manager
CHARLTON SEAL LIMITED
76 Cross Street, Manchester M60 2EP

YOUNG ENTREPRENEUR

Our client is a successful businessman who requires a young, self-starter with a good understanding of property and finance who has the flair and entrepreneurial initiative to create profitable business ventures utilising our client's substantial funds.

The position requires high standards of business knowledge, personal acumen and integrity and the rewards are correspondingly high. The successful candidate will initially be based in north Hampshire but he or she should be prepared to relocate within the Home Counties.

In the first instance, please write to Leslie Livens at the address below, stating your age, experience and qualifications, and the names of two referees who could attest to your suitability for such a position.

MOORES & ROWLAND Executive Appointments

Clifford's Inn, Fetter Lane, London, EC4A 1AS



CSFB, one of the world's leading international investment banks, is expanding trading activities and now seeks a number of accomplished individuals to help build on the bank's success to date.

Arbitrage

Arbitrage Specialists

For these positions, we are seeking people who have a 1st class degree in a quantitative discipline and either an MBA or at least one year's market experience. Joining an established, and highly successful team, you will be involved in taking proprietary arbitrage positions covering equity and fixed income options, futures and eurosecurities.

Liffe Arbitrage

In this position, you will be working closely with the Arbitrage Department, off the floor, and assisting in taking positions involving cash instruments and options. Highly numerate, and with a mature approach, you will have had a minimum of one year's experience of trading on the floor.

Traders

Eurodollar CD Trader

As a CD trader, based in London, you will be managing an in-house trading portfolio, liaising with issuing banks in the City and servicing a well-established retail distribution network in Europe and the USA. In addition to at least two years' experience of trading money market instruments, in either dollars or sterling you will need a combination of market making expertise and a flair for fostering retail distribution. A familiarity with risk management and the relevant futures markets is also called for.

Treasury Trader

Working within the Treasury Department, you will be responsible for trading FRAs, Futures and Interest Rate Options against cash-deposit positions in all major currencies. You will need to liaise closely with the other traders and with the sales teams and should have had several years' relevant experience.

We are offering attractive salaries, comprehensive training benefits and excellent opportunities for long-term career progression. If you believe you have the expertise we're seeking, please send your c.v. to either K. Tipper (Trader) (vacancies) or K. Rowe (Arbitrage), Credit Suisse First Boston, UK House, 2a Great Titchfield Street, London W1P 7AA.



FINANCIAL ADVISER

The new weekly newspaper launched by Financial Times Magazines in April, FINANCIAL ADVISER is now expanding its Advertisement Sales Team.

The successful candidates will probably be aged between 22 and 25 and are likely to have experience in the personal savings business or in advertisement sales. Experience in the offshore market — either in investments or advertising — would be an advantage.

The remuneration package will reflect the experience and quality of the successful applicants.

If you are interested in joining a fast-growing team please contact:

Mr. Nigel Pullman on 01-251 1414
for further discussions or write to him at:

Financial Adviser,
Boundary House,
91-93 Charterhouse Street,
London EC1M 4HR.

All applications will be treated in strictest confidence, and would be welcomed from both men and women.

Major UK Stockbroker owned by a substantial Banking parent

Private Client Executive

We require for our above Client, with a growing presence in this area, at least one Private Client Executive aged between 25 and 40. The candidate must have had investment experience — stockbroking background preferable. He or she would have to be capable of handling discretionary and non-discretionary accounts, principally the latter. Ability to communicate verbally and in writing is essential both with clients and internally.

It is not essential and probably not desirable for the candidate to have a substantial existing loyal clientele. A competitive salary and bonus package is being offered.

WRIGHTSON WOOD

11 Grosvenor Place, London SW1X 7HH
Tel: 01-245 9871 (P. Hurst)

INTERNATIONAL INVESTMENT MANAGER

London

Our client is a private entrepreneurial investment group whose substantial assets are presently managed by a number of banks.

It is now the intention to manage these funds more actively in-house as well as appraise and invest in some less conventional venture capital opportunities.

Candidates, aged 35-45 years, probably graduates, will have had extensive senior international investment management experience with either merchant banks, stockbrokers, pension funds or investment/unit trusts. Excellent benefits include a negotiable salary from £100,000 plus an incentive bonus and fringe benefits.

Please write enclosing brief career details and showing how you meet our client's requirements to Mark Lockett (quoting reference 106/FT) at:

MARK LOCKETT
RECRUITMENT

MLR,
1 New Bond Street,
London W1Y 9PE.
Both men and women may apply.

OPPORTUNITIES IN CAPITAL MARKETS BROKING

We are expanding our broking teams in our international capital markets business, dealing in off balance sheet products. With particular emphasis on London, New York & Tokyo.

Opportunities exist within our International network for experienced professionals who have worked successfully with swaps, options and related instruments in either a broking or dealing capacity. This is an opportunity for the right candidates to embark upon a rewarding career in a fast growing sector of the money market with one of the world's leading money broking companies.

Please write in strictest confidence to:

Stephen Kildeon
Managing Director
Exco Capital Markets Limited
Milestone House
107 Cannon Street
London EC4N 5AY
or telephone 01-623 4040 ext 289

EXCO
Exco International p.l.c.

SCIENTIFIC GENERICS

A RADICALLY NEW APPROACH TO TECHNOLOGY AND BUSINESS

Generics uses high-calibre, multi-disciplinary skills to exploit the commercial application of new technology. We work with international organisations in gaining competitive advantage through innovation. We are able to examine products for new concepts in production, marketing, and finance, as well as engineering and science. This unique combination of skills has enjoyed exceptional growth and the increasing demand for our services justifies further expansion.

Our organisation is seeking a key member to provide commercial assessment and business development of new technology applications. The candidate must demonstrate the ability to propose, manage and compile strategic market studies. A strong marketing bias is therefore essential as well as the flexibility to work on a variety of projects within a demanding environment. MBA or equivalent with technology-based industry experience is preferable. Salary is negotiable plus benefits including a share option scheme.

Prospective candidates should contact us:
Phone: (0223) 462425
Fax: (0223) 460281
Telex: 818453
or write to:

Michael Tattersall or Bob Percigrew at Scientific Generics,
King's Court, Kirkwood Road, Cambridge, CB4 2PF
Competitive Advantage Through Technology

SCIENTIFIC GENERICS

International Banking

ACCOUNT OFFICER

A European Bank of high standing are currently seeking to reinforce their account officer complement in order to maintain appropriate levels of relationship effectiveness. Duties will involve new business development and cultivating existing clients by encouraging utilisation of new products and facilities including Treasury related activities.

SALARY: c£25,000 plus car.

UK MARKETING

An International Bank firmly established in London requires an additional person aged mid-late 30's and offering a minimum five years relevant UK corporate experience. The responsibilities will involve high profile marketing of facilities and products including commercial lending, trade finance and treasury markets.

SALARY: c£35,000 plus benefits.

CREDIT ANALYST

A Management role within an International Bank for an experienced analyst aged late 20's, offering all round experience of credit and risk assessment. The level of responsibility will involve control and supervision of less senior members of the analyst team.

SALARY: c£20,000.

SENIOR SPOT DEALER

A first rate International Bank undertaking foreign currency and interest rate market activities require a person aged late 20's with a minimum five years experience. The position will involve dealing S/Spot Fc and relevant experience in a major currency is accordingly a specified requirement. SALARY: c£30,000 plus bonus.

6758 LONDON WALL
LONDON EC2M 5TP
TEL: 01 622 7621

Gordon Brown

Time is your most precious resource. Factmaster helps you make the most of it.

You'll wonder how you ever
managed without it.

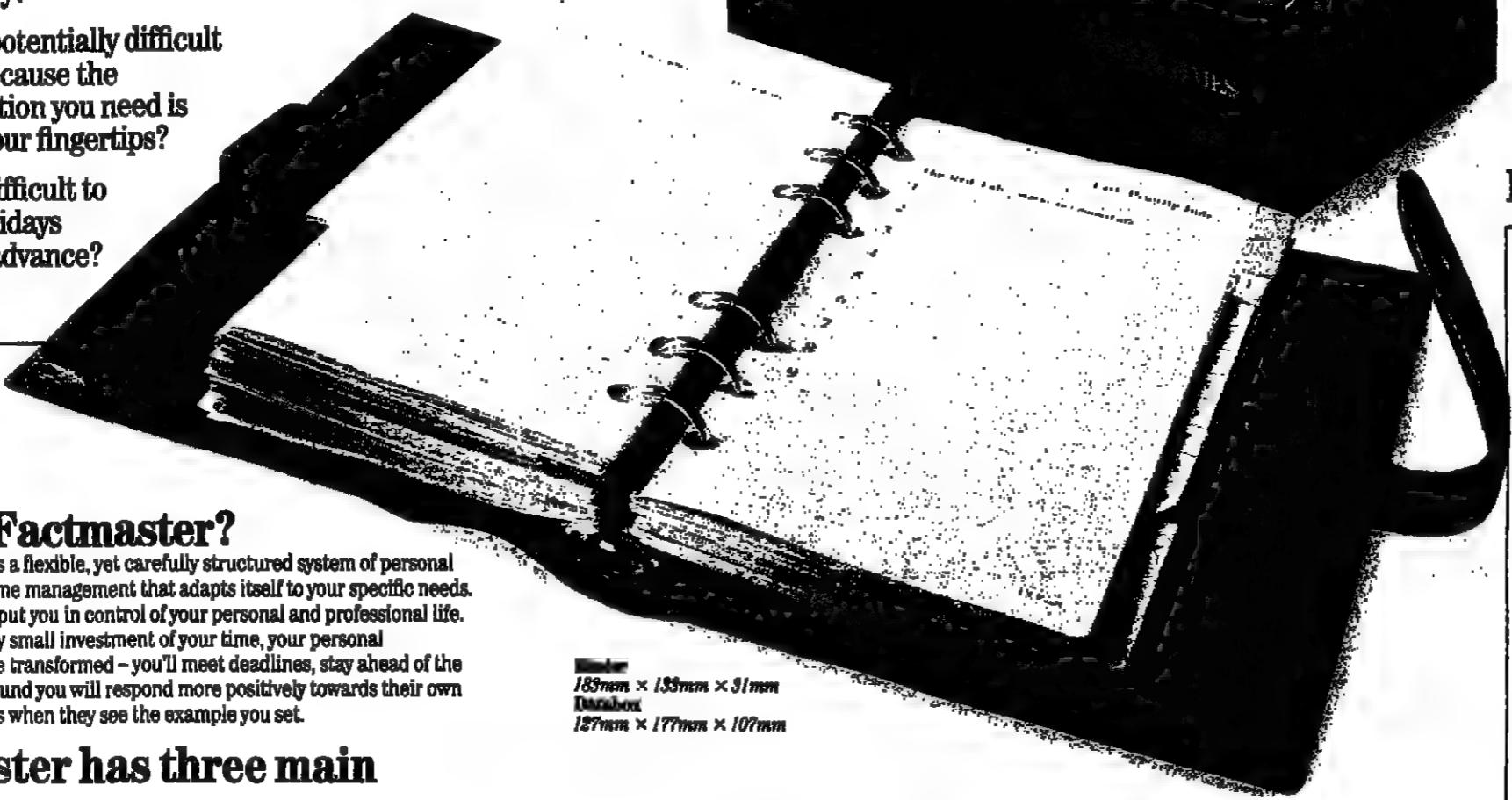
Do you...

- spend too much time in unproductive meetings?
- try to carry too much information in your head?
- always seem to be surrounded by notes and unrelated scraps of paper?
- find it difficult to delegate tasks which you feel you can complete better and faster yourself?
- find yourself constantly dealing with minor queries from others?
- feel "lost" without your secretary?
- put off potentially difficult tasks because the information you need is not at your fingertips?
- find it difficult to plan holidays well in advance?

- feel that overseas trips are less productive than they should be?
- not enjoy your job to the fullest?

These are all symptoms of inadequate personal organisation and task management, resulting in inefficiency, poor performance and lessened job satisfaction.

If only half of them apply to your workstyle - you need Factmaster.



What is Factmaster?

FT Factmaster is a flexible, yet carefully structured system of personal organisation and time management that adapts itself to your specific needs. Factmaster will put you in control of your personal and professional life. It's easy. With a very small investment of your time, your personal effectiveness will be transformed - you'll meet deadlines, stay ahead of the game and those around you will respond more positively towards their own tasks and objectives when they see the example you set.

Factmaster has three main features.

First there is the portable ring binder itself, which allows you to take everywhere only those pages or sections you really need on any particular day.

Second are the five different sections, each lasting for 12 months, which you can use to load your Factmaster in the way that suits you best.

Third is the desk top Databox designed to store your completed, spare or alternative pages. Together they are easy to use and highly efficient.

How does Factmaster work?

Factmaster is constantly evolving to meet the ever changing needs of its market place. Now there is a choice of sections and binders. You select to suit your own personal requirements. The choice includes everything from a start-up pack to the complete system.

To start with you will need to invest some time and effort to make the change to the Factmaster way, but having assembled your Factbase, the benefits will be virtually immediate.

The unique Factmaster Time Management System.

The Time Management section is a powerful tool, guaranteed to keep your projects moving forward on time and according to plan. Programming is simple and logical. Major tasks and objectives are entered into the system in order of priority with a start/finish deadline. They are then divided into sub-tasks and entered together with an action plan and timetable. A summary of this information is transferred to the fold-out Work Load Chart so that over-committments and other danger signs can be identified and your schedule adjusted in advance.

At the end of each working day, actions for the following day are listed and recorded in the Diary/Daily Plan pages. This is the system's link to the next day. The progress of all tasks is monitored automatically and new information is entered as it comes to hand.

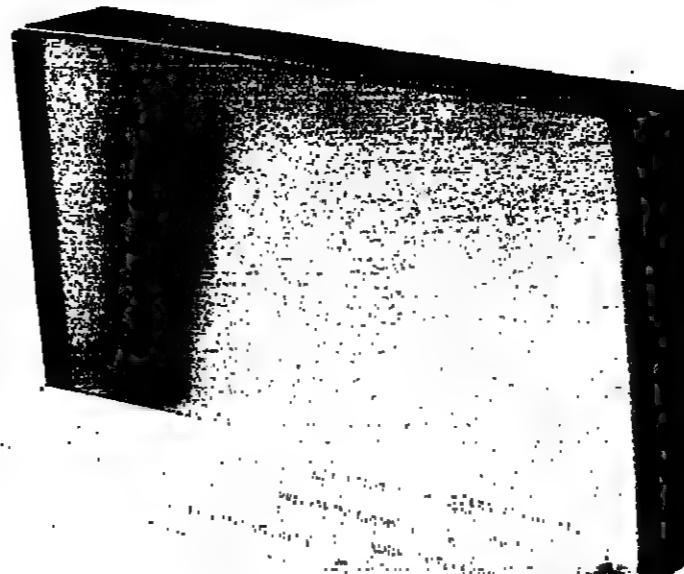
An investment for life... a pleasure to possess.

As you would expect from the Financial Times, not only is Factmaster an invaluable business aid - it is stylish and elegant in its own right, produced to a quality which we believe to be far superior to anything else on the market.

Available in six different black binders, only the finest materials and craftsmanship have been used throughout. Our superb range of leather binders have been especially created for us by Andrew Soos - a leather craftsman of international repute who also produces goods for Harrods and Aspreys.

If you demand the best, choose the top of the range zip-up binder in superb soft patterned leather, with real gold-plated rings, two front pockets and a pocket in the back with space for credit cards.

The same design is also available without the zip fastening, either in the same soft leather or alternatively a luxurious, smooth, cow hide with a traditional tab-fastening.



A top quality range of binders

In addition to our luxurious leather binders, for style and economy, there are Factmaster binders in a more traditional hard-wearing leather or superior simulated leather. These have black rings, one pocket in the front and back and tab fastening.

Zip Binder
185mm x 133mm x 31mm

Pocket Binder 187mm x 113mm x 18mm

Banknotes and 8 credit cards.

The Factmaster Databox is also an asset to any desk. This stylish black box with elegant gold embossing and hinging is designed to store and organise your completed replacement and spare pages, and comes complete with its own FT pink section divider.

How to replenish your Factmaster

Factmaster's contents come in comprehensive sections which will last a full year.

After 12 months you simply purchase more.

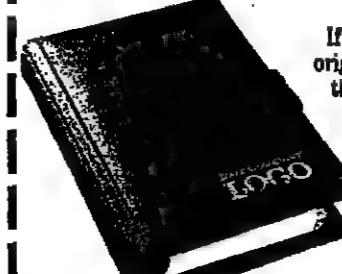
Personalised with your initials

For a modest additional cost, the cover of your Factmaster binder can be gold-blocked with your initials.

In a world full of files of facts, it's Factmaster that puts you in control.

Information Management	Time Management	Task Management
Your own personal and business 'database'.	Factmaster's Time Management system ensures every hour of your day is used to maximum advantage and works best in conjunction with the Factmaster Task Management system.	The Task Management sections are designed to help you plan, progress and execute tasks effectively. Task Priority indexes give you an overall picture of your projects and allow you to decide priorities.
Name/Address/Staff	Travel	Travel
Some 200 pages to enable you to instantly jot down every conceivable note, idea, telephone number or staff record you may wish to store.	Contains sheets for expenses, travel itineraries, route planners, business contacts, travel checklists and motor running expenses.	Contains sheets for expenses, travel itineraries, route planners, business contacts, travel checklists and motor running expenses.
Notes/Address/Staff	Analysis/Private Investments	Analysis/Private Investments
Some 200 pages to enable you to instantly jot down every conceivable note, idea, telephone number or staff record you may wish to store.	Essential for anyone who takes their finances seriously. There are tables to monitor shares, overseas investments, insurance and rates-and-summers. In addition analysis pages are provided and include eight column analysis sheets and graphs with metric, inches or logarithmic scales.	Essential for anyone who takes their finances seriously. There are tables to monitor shares, overseas investments, insurance and rates-and-summers. In addition analysis pages are provided and include eight column analysis sheets and graphs with metric, inches or logarithmic scales.
Address	Diary	Diary
Post Code	Planners	Planners
Telephone	Allow for long term planning and give you the opportunity to make arrangements and appointments well ahead.	Allow for long term planning and give you the opportunity to make arrangements and appointments well ahead.
Signed	Staff Holidays Planners	Staff Holidays Planners
	To keep you fully prepared for any forthcoming absences.	To keep you fully prepared for any forthcoming absences.

The Business Gift that means business!



If you are looking for a business gift that is original, practical, highly memorable and reflects the prestige of your own company, you've found it!

Wouldn't you be delighted to receive an FT Factmaster?

You only have to imagine your own reaction to receiving a Factmaster as a gift, to appreciate the impact it would have on your most valued clients and staff.

The 365 day advertisement

Your clients will use their Factmaster many times every day and, each time they do, it's an opportunity for you to remind them of you, your company and its products or services.

Your company logo or message, for example, can be gold-blocked prominently on the front cover.

Your own special edition

To create an even greater impact you can include as many of your own advertising or publicity pages as you wish in every Factmaster you purchase.

Increase staff efficiency

What better way to say 'thank you' to key staff (yet help them to perform even better in the future) than by giving them a Factmaster?

Their initials, as well as your company logo, could be gold-blocked on the front and your own special pages included.

Generous discounts available

Factmaster is a highly prestigious business gift and, as such, we realise that you may wish to be selective about who you give one to. For this reason 'bulk' discounts start at as few as 15 items.

**FINANCIAL TIMES
FACTMASTER**

Making the most of your time

Financial Times Business Information Ltd
7th Floor, 50-64 Broadway, London SW1H 0DB Telephone: 01-799 2002

ORDER FORM			
Please send me the following items from the prestigious Factmaster Range: (complete quantity and value columns below).			
I understand that if I am not totally satisfied with my purchase(s), I may return it/them within 28 days for a full no questions asked refund. (Not applicable on gold-blocked items).			
Name (Mr/Mrs/Miss/Ms) <small>please print</small>	Position	Address	
Post Code	Telephone	Signed	
FOR OFFICE USE ONLY		TYPE OF SECTION PACK (page size 171x260mm)	
		QTY	PRICE (inc p/p) UK Q/S
DS 08638 2245	Diary Section (choose diary start date below)	\$12.95	\$13.50
TS 08640 2250	Travel Section	\$12.95	\$13.50
TMS 08652 2255	Task Management Section	\$12.95	\$13.50
API 08654 2260	Analysis/Private Investment Section	\$12.95	\$13.50
ANS 08656 2265	Address/Notes/Staff Section	\$12.95	\$13.50
BT 08658 2270	Box & Tab	\$17.25	\$18.50
E 08660 2275	Complete Refill Pack (All above sections) (choose diary date below)	\$43.45	\$45.00
S 08662 2280	Starter Pack	\$20.00	\$21.00
C 08618 2285	Complete Set (less Binder) (choose diary start date below)	\$55.00	\$57.50
TYPE OF BINDER (all black) (185mm x 133mm x 31mm)			
DE 08620 2290	Deluxe Soft Leather Zip-up Binder, (gold rings)	\$56.00	\$58.00
CL 08631 2295	Classic Smooth Leather Binder, (gold rings)	\$75.00	\$76.00
SO 08643 2300	Soft Leather Binder, (gold rings)	\$50.00	\$51.00
TR 08655 2305	Traditional Leather Binder, (black rings)	\$50.00	\$51.00
BO 08667 2310	Bonded Leather Binder, (black rings)	\$26.50	\$26.50
PO 08678 2315	Classic Smooth Leather Pocket Binder, (1/4" rings)	\$70.00	\$71.00
08627 0863	GOLD BLOCKING (optional extra)	\$1.50	\$1.50
INITIALS ONLY (Price per set of 4 initials)			
Sub Total (excl. of VAT)			
Sub Total less 5% discount if more than 15 items ordered.			
ADD 15% VAT unless you are outside Great Britain and Northern Ireland.			
TOTAL AMOUNT			
My cheque for £ _____ is enclosed made payable to FT Business Information Ltd		If your billing address differs from your delivery address, please notify us.	
Please debit my		Expiry Date	
Card Number			
When you have completed this order form please sign, date and return, together with your payment to the address below.			
Signature _____ Date _____			
DIARY START DATE (if ordered)		GOLD BLOCKING INITIALS (if required)	
(Please state month and year)		MAX 4	
The Financial Times GUARANTEE			
Every component of the Factmaster system has been designed and produced to the highest standards. However, if upon inspection you find our product does not match up to your expectations in any way we guarantee to send you a total, no questions asked, refund (including return postage and packing) providing it is returned unused within 14 days of receipt. We regret this can not apply to gold-blocked articles.			
Other items from the Financial Times (Tick box for further information).			
PT Diaries - the world's finest range of business diaries.			
The City Collection - a range of luxury leather goods for business and travel.			

Deputy Manager- Pension Funds Investment

Central London

A major British public company with pension funds of close on £5 billion seeks a Deputy Manager for its investment function. The wide-ranging responsibilities of this key post include the management of a department responsible for global investments, personally controlling one of the portfolios, and ensuring that investment strategy reports are prepared and presented to the funds' trustees. Maintaining effective City relations is of prime importance in this post.

Applicants, probably graduates in their late



Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6366 Telex: 27874

£35k + car

20s or early 30s, should have proven ability in managing substantial investment portfolios, and have the skill to control and co-ordinate the activities of a team investing upwards of £200 million annually.

Write with full personal and career details to the address below, quoting ref: P3085/FT on the envelope. Your application will be forwarded directly to our client unopened, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent.

BUSINESS ANALYSTS

to £25,000 p.a. + banking benefits
Central London

Chemical Bank is a leader in the international financial sector and a major player in the world's capital markets. Technology and innovation are front runners within the Bank and the key to its enviable position as the foremost corporate foreign exchange dealer worldwide.

Continued expansion of the Bank's I.T. development programme in London calls for a significant increase in resources.

Business Analysts with banking experience, gained either from a career in mainstream banking or from detailed involvement in the development of computerised banking systems, are required for the Bank's MIS team.

If you have the background and ability sought, telephone Peter German at Alimand on 01-251 8861 (01-461 4626 evenings/weekends) or write to him enclosing a copy of your CV.

CHEMICAL BANK

Alimand

Alimand Computer Resources Limited,
Wicel House, 82-88 City Road, London EC1Y 2BZ,
Telephone: 01-251 8861 (24 hr)

European Equities INSTITUTIONAL SALES

The European securities operation of a major international bank is seeking to expand its institutional sales team.

They require an experienced institutional sales specialist to sell European equities to UK and some European institutional clients. Applicants should have a minimum of two years' experience, and one or more languages would be a distinct advantage. Suitably qualified UK institutional salesmen wanting to move to European sales will also be considered.

The basic salary and additional package will be significant to attract and retain the best people.

Please contact Janet Stockton or Timothy R. Wilkes at the Securities Division, 39-41 Parker Street, London WC2B 5LH or telephone them on 01-404 5751. All replies will be treated in strictest confidence.

TP
Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC



UNITED OVERSEAS BANK LIMITED

We are expanding our Treasury Operations and currently have two vacancies for

FX Dealers

The ideal candidates should have good educational background, a flair for figures and a keen awareness of economic and political events. Candidates should:

- Have at least two years of profitable dealing experience;
- Have proven track record in dealing with major spot currencies;
- Be able to work independently, reporting to the Treasury Manager.

Prospects for career development within the Bank are good for the right candidates. We offer an attractive salary and fringe benefits package.

Please write to us at the address below giving your personal particulars, academic and professional qualifications, working experience and a contact telephone number together with a non-returnable photograph.

The Manager
UNITED OVERSEAS BANK LIMITED
19 Great Winchester Street
London EC2N 2BH
United Kingdom

TRAINEE FINANCIAL ADVISER

Due to expansion I am looking for 2 very ambitious people. They must be about 22-35 and will work within a leading Financial Services Company.

Earning above-average income while training, rising steeply. Telephone Nigel Brooks on 01-491 0453

Traded Options Opportunity

Registered representative with at least 18 months experience in equities required for important, challenging post in an expanding specialist member firm.

Some experience with Traded Options an advantage but not essential, age 20-35, salary £17,500+ according to experience, prospects excellent, an exciting opportunity.

Contact: Vanessa Seymour
Anglo American Options Limited
19-21 Gt. Tower Street,
London EC3R 5AQ
Telephone: 01-929 0791

EXECUTIVE JOBS

IF YOU EARN OVER £25,000 p.a.
AND ARE SEEKING A NEW OR BETTER JOB
Our team of consultants, all of whom have had managing director level experience, can help you. Our successful Executive Action Plan helps you find appointments quickly and discreetly, particularly in the unadvertised vacancy area. Contact us for an exploratory meeting without obligation. If you are currently abroad ask for our Executive Export Service. 32 Savile Row, London W1. Tel: 01-734 3879 (24 hours)

Connnaught

CJA

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PU
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

ASSISTANT DIRECTOR - U.K. EQUITIES PENSION FUNDS INVESTMENT MANAGEMENT

£35,000 - £40,000 + BONUS AND CAR

SUBSTANTIAL AND EXPANDING INDEPENDENT INVESTMENT MANAGEMENT SUBSIDIARY OF PROMINENT BRITISH MERCHANT BANK

Due to growth and internal promotion, we seek a graduate in Economics, or a closely related discipline and aged 26-35. Formal training and a strong grounding in research will have preceded an already successful career in discretionary funds management. We require not less than 3 years' control of substantial UK equities investment with a leading house noted for its record in this sector. A pensions funds background is mandatory with experience of insurance industry investment requirements and unit trusts highly desirable. The successful candidate will be responsible to the Managing Director for the total above-average performance of substantial mixed funds and for the UK equity portions of other funds. A full contribution towards overall policy will be expected with a high level of autonomy to achieve objectives based on an agreed strategy. Essential qualities are an imaginative and analytical approach, well developed presentation skills plus the will and expertise to gain the credibility and confidence of both clients and colleagues in an already successful team. Initial salary negotiable £35,000 - £40,000 plus bonus; car, mortgage facility, non-contributory pension, free life assurance, free family BUPA and assistance with relocation expenses, if necessary. Applications in strict confidence under reference AID 4530/FT to the Managing Director: CJA.

Opportunity to build career in this sector with significant prospects for advancement.

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Mrs. Sandra Day,
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Kitcat & Aitken, a wholly-owned subsidiary of Orion Royal Bank Limited and a member of The Royal Bank of Canada Group, is significantly expanding its capabilities in international equities, as a result of which the following appointments will be made:

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Four equity research analysts for the European markets to join our established and successful team.

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In conjunction with the Group's enhanced new issue capability, we shall appoint two general equity sales executives to strengthen our specialist sales teams. Applicants should have at least two years' sales experience and fluency in a foreign language would be a distinct advantage.

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Two salesmen to complement our small team. Applicants should have a minimum of two years' sales experience and a good knowledge of the theory of equity options.

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1 London Wall, London, EC2Y 5JX.

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INVESTCORP offers the successful candidate excellent working conditions, compensation and relocation package.

Interested applicants should submit their C.V.s with details of current salary to:

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• **FX AND FX OPTIONS.** Our Foreign Exchange and Currency Options market making units are looking for a dedicated, enthusiastic Corporate Dealer/Salesperson to market these two product lines to our customer base. Experience with consumers of Australian related products would be an advantage, but is not essential. Only basic working knowledge of options related techniques is required.

• Our FOREIGN EXCHANGE dealing unit is also seeking a Foreign Exchange Dealer with around 2 years experience at a recognised House to assist in the continuing growth of this key area. Experience in trading "the Majors" is essential, and some acquaintance with the less active currencies would be an advantage.

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We are an Equal Opportunities Group. Applications are welcome regardless of sex, marital status, ethnic origin or disability.

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Please send curriculum vitae and current salary details to:

Box A0629, Financial Times
10 Cannon Street, London EC4P 4BY

International Announcements

Securities Salesman covering The Netherlands

EBC Amro Bank Limited is an investment banking subsidiary of Amsterdam-Rotterdam Bank N.V., located in London and is active as manager and underwriter of international securities transactions, as a marketmaker and as an arranger of currency and interest rate swaps. Furthermore, the bank is active in asset management, foreign exchange and mergers and acquisitions. It has a total staff of 257 including English, Dutch and various other nationalities. Within the context of the Amro Group EBC Amro Bank also conducts securities operations in Tokyo, Hongkong, Singapore and Dubai.

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For more information you can contact W.G. Bosma, 020-28 33 87.

Please send your English letter of application to the attention of W.G. Bosma at the following address:

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EC-JAPAN CENTRE FOR INDUSTRIAL COOPERATION

Second Human Resources Training Programme

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The centre organizes a training programme in Japan for senior European managers and engineers in Japanese industrial practices. The Engineer Course and the Manager Course, of between 4 and 6 months duration, offer an intensive introduction to Japanese industrial and business life, through lectures, seminars, case studies in a variety of industries and assignments to individual Japanese companies for periods of up to one month.

The costs of the programme are supported by the Commission and MTI, but sponsoring companies are expected to pay for the living costs of trainees in Japan.

Candidates must be citizens of a Member State of the European Communities aged at least 35 years with a minimum of 10 years industrial experience. The working language of the programme is English.

Applications for the second training course, which will begin early in 1988, will be accepted until 31 October 1987. Candidates may obtain further information on the training programme and application forms from:

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THE ARTS

Television/Brian Wenham

Diary of a Somebody/Boulevard

Antony Thorncroft



Oliver Parker

First the biography, then the film, then the diaries, and now the play of the diaries. Surely Joe Orton has been done to death? He can hardly object to the bad taste since he enjoyed his brief fame through shocking the bourgeoisie until his lover Kenneth Halliwell killed him off.

It has become one of the most raked-over dramas of the '80s — sophisticated Halliwell taking the young provincial Orton under his wing only to educate him to stardom while he deteriorates to being "41, bald and a tax write-off". Even this adaptation by John Lahr, who has made a career as Orton's Boswell, has had two previous outings before arriving for a season at the Boulevard, a thoughtful annex to Raymond's Revue Bar.

Is this sad tale of a decaying marriage, with its sobering climax, worth another run through? Not, perhaps, at the interval, but definitely yes by the end, thanks mainly to Paul Bentall's mesmeric performance as Halliwell.

Bentall affectingly cracks up before our eyes. First the ying goes, then his conversation; then the yang, as he suddenly cleverly switches off, a day before the actual murder. Bentall shuffles with grief and madness, while Orton, played by Oliver Parker, still clowns around in egotistical good humour.

Orton and Halliwell live for 15 years in a tiny Islington room and the set recreates their claustrophobia of their odd life, enlivened for Orton by encounters in lavatories and at

award-winning lunches, and by Halliwell, with cooking and washing underclothes. Parker may lack Orton's innocent smirk but he has enough animal vivacity to be convincing.

Philip Lowrie tackles over 30 supporting roles, including a brilliant impersonation of Kenneth Williams and any number of Acid boys. Carolyn Pickles and Caroline Langrishe as an array of women are poorly served with opportunities to shine as you would expect, given Orton's interests. Jonathan Myerson directs to Gillian Daniell's design and although the Orton groupie will find much of it very familiar, any novice will be transfixed.

Iphigenias/Elizabeth Hall

Max Lopert

The second show in the current Opera Factory London Sinfonietta season at the Elizabeth Hall is a three-hour opera advertised as "Gluck's Iphigenia". Note the plural; two of the greatest operatic masterpieces of the 18th century, Iphigenia in Aulis and Iphigenia on Tauris, have been dumped together. Procrusteanally slashed to size, narratively adapted where the director and translator, David Freeman, has deemed necessary, and made to fit a single presentation.

Several very large pills have to be swallowed with the mixture. These may be two grossly neglected operas, but that does not make them musically less repellent, or make the cuts that Freeman has inflicted — nor just on the dance music, which was to be expected, but on "arias and choruses unrelated to the purely dramatic development of the opera" (as if Gluck, that supreme music-drama economist, wrote any such in these mature works) — less grotesque. To list all here would take more space than the production deserves; let suffice the mention of the Aulis Overture (that kernel of the drama), the calm opening of the Tauris opera, and two of the Tauris' more important arias, "D'usa image" and "Je t'implore et je tremble"; similarly, the internal savaging of many numbers that remain is a practice too general to be gone into at length.

And all for what? Mr Freeman, wearing the amateur anthropologist's hat that he previously produced for the ENO Monteverdi *Orfeo*, has delved deeply into tribal ritual of a specifically non-nec Classical kind and come up with one of the more ludicrous samples of ethnomusicology never-to-be-seen-on-the London stage in recent times. The times, in fact, are not so recent: there is a fatal air of 1980s "relevance" about these war-painted prancing, these

antis of dust-covered primitives who roll about on the ground, cover behind shields, wrap up in bright robes, and then lingeringly unwrap, and generally lend themselves to all manner of face-painting and purring (the abandonment of the second opera is a descent into Python-esque comedy).

Then it is necessary to accept a tiny orchestra, one string to a part and conductor-less (for no reason that I could understand and with the semi-permanent consequence of wooden rhythms and lumbering tempos), and painfully inadequate singing in rather too many of the roles. The Aulis Agamemnon (the subtitle creation of the manly ruler) and Tauris Tosa, both considerably lowered in pitch and both played by the same bass-baritone, are the greatest casualties, but Maria Angel's vocally pallid titular heroine is also something of a trial, and only Wendy Verco (Clytemnestra), Joseph Cornell (Achilles) and Geoffrey Dolton (Ortias) have anything like the measure of these tremendous, exactingly written roles.

All this could be borne, just about, if there was any sense that at root the producer treated—or, at times, even heard—the awesome theatrical power of the music; but except in a very few passages (*Clytemnestra's* wonderful "Par un pere," given complete and by Miss Verco passionately delivered, is one), the slighting or else the insufficient command of great music is the evening's Leitmotif. If the experience leads anyone in the audience far from these works further, and find out what they have really liked when it may have been worth while after all. For myself, I thought it a night of village-hall opera — rather more ambitious, not to say pretentious, than the average local operatic society *Festspiel* or *Carneval*, but basically of the same theatrical order.

What are we in the London broadcast and print media

A non-chargeable asset

I've noticed that from time to time Christopher Dunkley offers a multi-item contribution to his column, rather than a sustained piece. This week I thought I would do likewise, starting with *In the Psychiatrist's Chair* with Anthony Clare and a wide range of radio guests. Today's is John Harvey-Jones; earlier you may have heard Geoffrey "we've been talking for half an hour, you've never mentioned how good I was at batting" Boycott, and Dame Janet "this is what I'm learning about you, see, the putting of my arms around my darknesses" Baker.

Why do I think I find such talk riveting and acceptable on radio, but suspect it would look prurient and intrusive on television? The distinction has got to do with the residual anonymity that still lies with the microphone but disappears on screen. On top of that, the inbuilt confidence of Clare's questioning might well appear over-presence on television, where you expect to see the cards dealt out more evenly — to see the interviewee as well as the interviewer searching for the right word of phrasing, sharing in the anxiety of doubt. This is what Bel Mooney did recently in her *Mother's Day* series for Channel Four. It is also what I think I remember John Freeman doing in *Face to Face*, although he perhaps got the best of both worlds by keeping his own face off the screen altogether.

The coming week-end marks the mid-point of this year's Proms — John Drummond's

'At the moment far too little time is being spent in active work on programming, far too much on money-gazing'

Liveliest viewing these past six weeks has been provided by BBC 2's RKO story. This proper tribute to a slice of Hollywood by one of its heavy consumers ended with the predatory regime of Howard Hughes. There is of course more direct payback from TV film when television actively abets the making of films, as it has in recent years, notably through Channel 4. But this week Channel 4's tail got the run of the week, in the absence over the year of any real body of television drama on Channel 4. A bit ill-timed that, in the week Channel 4 ended a run of six new pieces, but the main point

The fascination with film has so gripped producers and directors that plain old studio video techniques are in danger of rusting. This is a pity because when something works with Channel 4's *Home Video* a couple of years back, or with BBC 2's *Women of No Importance* by Alan Bennett — the video-bound piece can move, chill and delight as much as film. Sunday's *Last of a Dynast* from Ulster TV had more sparkle and composite than Scottish Television's *Extras* the week before. *Dynast* was based on a 1986 award-winning Radio 4 play, but the crossover to TV was smooth and convincing.

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Changed map for Europe

A DEAL to change the industrial map of Europe is how Mr Percy Barnevick, chairman of Asea of Sweden, has described his company's agreement with Brown Boveri of Switzerland on a merger which will create one of the world's largest electrical engineering groups.

It is tempting to dismiss this claim as a triumph of hope over experience. The 1960s and 1970s saw a succession of similarly ambitious cross-frontier marriages between large European companies, many of which ended in divorce. Mr Barnevick is a formidable representative as an industrial manager in Sweden, he has yet to prove he can bridge the differences in national attitudes and corporate culture which undermined earlier mergers such as Dunlop-Pirelli in rubber, Hoesch-Hoegeven in steel, VEF-Fokker in aerospace and Unidata in computers.

Yet this time the outcome may be different. Asea and Brown Boveri are both based in small countries which have never indulged in the chauvinistic "national champion" approach to industrial policy which made some earlier megamergers unworkable. As politically neutral states outside the European Community, with a well-developed sense of economic viability, Sweden and Switzerland have learned to put hard-headed pragmatism ahead of national pride.

Survival issue

Growing worldwide protectionism has heightened their sense of isolation. Swedish companies are particularly worried that the community's plan to create a single market by 1992 will leave them out in the cold. Companies such as Atlas-Copco, Electrolux and Alfa-Laval have all recently stepped up efforts to broaden their international base through acquisitions in Europe and the US.

The potential importance of the Asea Brown Boveri merger extends still further, however. Whether it succeeds or not seems likely to act as a catalyst for long-overdue restructuring of Europe's power generation and transmission equipment industry. Closed public procurement policies have kept companies out of each other's home markets and restricted competition and collaboration between them largely to non-European markets, where orders are often decided as much on financing terms and political influence as on product quality.

As in telecommunications manufacturing, which has grown up in similar conditions, the consequence has been a

highly fragmented industry burdened with duplicated capacity. As national demand in countries such as France and West Germany flattens out and the industry continues to mount, Europe faces the prospect of too many suppliers weakened by inadequate economies of scale. For many, seeking merger partners may become a survival issue.

The emergence of Asea Brown Boveri as a super-group promises to give a clear focus to these developments, just as last year's bold takeover by France's CGE group of the scattered European businesses of ITT of the US concentrated the minds of other telecommunications manufacturers. Though many of them question the logic of that deal, it has spurred a renewed quest for defensive links.

Nationalistic taboos

In neither industry is restructuring likely to be easy. Many companies which have come to think of themselves as national standard-bearers will be reluctant to enter deals except as superior partners; combining incompatible product ranges and streamlining capacity will call for delicate compromises. On top of all that, the close links between power generation and telecommunications manufacturers and their national government customers threaten to limit private acquisitions.

On the other hand, the recent resurgence of smaller intra-European takeovers and mergers in other sectors, such as the Daf-Leyland deal in trucks, Thomson's acquisition of Thorn EMI's brown goods business and Olivetti's purchase of Triumph-Adler in office systems, is an encouraging sign that some of the old nationalistic taboos may finally be breaking down. A growing number of European businesses now seem to be thinking in terms of a future market ahead of the goal of a single European market free of internal frontiers.

The battle has focused attention on the fact that while ministers have a lot to say about the inner cities, no coherent Government policy exists to tackle their problems. What the Government does have is a series of programmes, often their evidence to a variety of ad hoc ministerial initiatives over the past decade. Some took years of planning, others were snap reactions to riots in places like Brixton and Handsworth.

The task of blending these incongruous initiatives into something that can be presented as a policy has been handed to a team of civil servants, which is servicing the Prime Minister's new Cabinet committee on inner cities. It is due to produce a plan for the committee's consideration next month.

The skill of the team, headed by Mr Eric Sorenson, seconded from the Environment Department, will be judged by its

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The task of blending these incongr

Jimmy Burns looks behind mounting public concern about near air misses over Britain

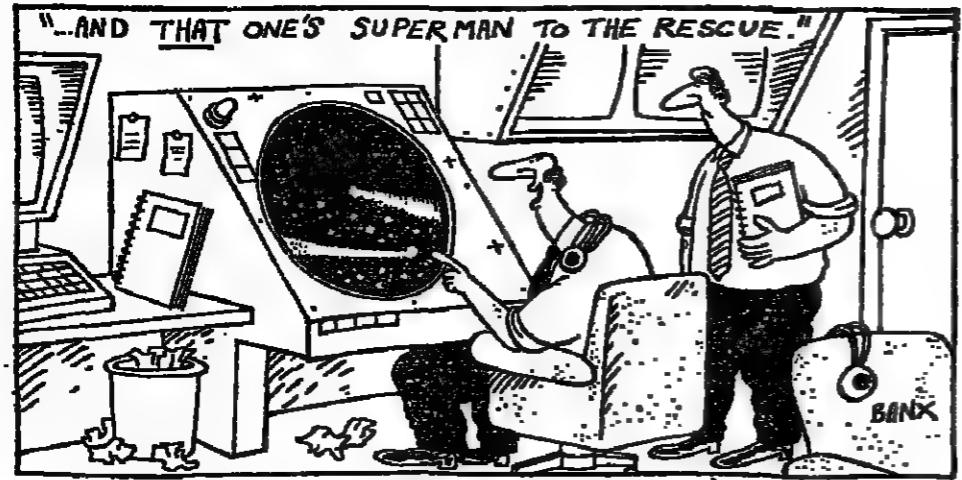
A SWEDISH air traffic controller was invited to London Air Traffic Control Centre (LATCC) at West Drayton, near Heathrow. At the end of the tour he was asked for his comment: "I think you have some rather nice antique pine furniture, but how do you manage?"

Demands for an answer to this question have intensified amid allegations that Britain's air traffic control system is close to breakdown. In May, a mid-air collision between a British Airways jumbojet and an Alitalia Airbus was only narrowly averted when the two aircraft came within 100 ft of each other as they circled near Heathrow.

It was only one of a number of reported near misses which have coincided with an unexpected growth in air travel this summer.

However, the Civil Aviation Authority (CAA) rejects the public perception that the risks of a collision are growing. Its chances of travellers becoming involved in a near miss "have been significantly reduced over the years." According to the CAA, the numbers of public transport aircraft involved in what it calls "risk-bearing air misses" declined from 45 in 1977 to 16 in 1986. It sets these figures against an increase in air journeys—take-offs and landings—from 750,000 to more than 1.1m over the same period, and calculates that the number of near misses fell from 11.2 per 100,000 hours flown to 2.3.

The controllers dispute these figures, although they apparently disagree over alternative ones. "I think some sectors of the media may have over-emphasised things," says Mr Bill Brett, assistant general secretary of the Institution of Professional Civil Servants, the main union representing Britain's 950 controllers. Nevertheless, he is not underestimating the dangers: "Air traffic control is getting less safe. We cannot go on being lucky. I fear that we are going to end up with a



Flying on a wing and a prayer

country in Europe to have joint civilian and military air traffic regulation.

The CAA says it has spent £125m over the past five years on updating its technology, including installing new radar equipment, navigational aids and landing systems. It has also followed the example of the US and Continental in introducing "flow control".

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This leaves management with the formidable challenge of both reassuring the public and securing the loyalty of the workforce. A recent survey showed that 79 per cent of air traffic controllers at West Drayton felt morale was poor.

The controllers want an independent inquiry into equipment and conditions; they want the CAA to install a simulator so that they can practice emergency changes to manual control; and to urge the Royal Air Force to share some of its air space. (Britain is the only

country in Europe to have joint civilian and military air traffic regulation).

The CAA says it has spent £125m over the past five years on updating its technology, including installing new radar equipment, navigational aids and landing systems. It has also followed the example of the US and Continental in introducing "flow control".

In spite of these admissions, the majority of Britain's air traffic controllers still believe the CAA is understating the scale of the problems, so contributing towards the lowering of morale.

They find it hard to contain their feelings as they contrast the CAA's public statements with the reality of their working environment.

The main control room for civilian air space in England and Wales is as dark as an underground garage. The bulk of the equipment and furniture is the same as it was in the early 1970s when the room was officially opened.

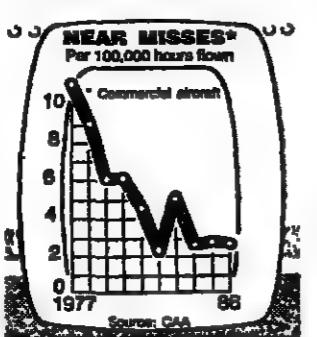
The routine can be leisurely, but for at least three crucial hours each day it has the intensity of a financial dealing room. One Friday this summer, just after 5 pm, there were 12 aircraft circling above the airfield. Nearer to Heathrow's main landing strip, another five were making their final

approach, between two and three minutes apart. On the ground there was a similar number of planes taxiing to take off.

The controllers and their assistants work shoulder to shoulder in dark cubby holes. Crucial flight information spills manually pasted up on wooden strips. The planes appear as

"near misses"

Per 100,000 hours flown



air traffic* Take-off and landing

Commercial aircraft

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FINANCIAL TIMES

Wednesday August 12 1987

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Laura Raun sees an end in sight to six long years of court argument in The Hague

US and Iran fight claims on legal battlefield

AS IRAN grows more diplomatically isolated and disdainful of world opinion, it nonetheless remains strikingly committed to a bilateral forum with one of its most hated enemies.

The Iran-US tribunal, established in 1981 at the end of the American hostage crisis, has slogged through years of protracted hearings. At last, there may be light at the end of the tunnel.

The tribunal in The Hague was created under the Algiers Accord which ended the 15-month imprisonment of US embassy staff members during the presidency of Jimmy Carter. They were held by militant Iranians swept up in the fervour of the Khomeini revolution.

Washington broke diplomatic relations with Tehran in 1980 and the claims tribunal is now the only bilateral link between the two countries. It has the task of arbitrating 4,000 legal claims amounting to at least \$15bn arising from the Iranian revolution.

This is by no means the whole financial story between Iran and the West. Iran also has between 3,000 and 4,000 financial disputes with France, the UK and other countries on an ad hoc basis outside a formal forum such as the tribunal.

Nestled in a tree-lined neighbourhood on the perimeter of a sleepy capital, the tribunal has been plagued by physical beatings, verbal tirades and deliberate delays - disposing of less than a quarter of its list in six years. The four-storey, red-brick mansion is said to be fitted with some of the tightest security devices of any building in the country, featuring bullet-proof windows behind charming begonia flowerboxes and a maze of automatically locking doors inside.

But despite hostility and cul-



Trapped in the middle: claims date from 1980-81 when American hostages were caught in the tug-of-war between President Jimmy Carter and the Ayatollah Khomeini.

tural clashes the nine-judge tribunal has piddled on, dealing one by one with the corporate, private and governmental claims. Three chambers, each with three judges - one Iranian, one American and one neutral - hear the disputes.

Only 900 cases have been disposed of so far, with more than \$872m awarded to US interests, primarily companies. Iran has received more than \$514m, most of which was frozen Iranian funds in New York that were returned by the US last May. The return of Iranian funds was the biggest decision yet although the latest commercial award was modest, which in the last month to September oil drilling company, which formerly belonged to the Texas governor.

The majority of the claims, 3,600, are against Iran and the Iranians have long argued that they need more time to deal with the immense caseload. A revolutionary government, scars from the US economic sanctions, limited funds and the war with Iraq have meant that lawyers in Tehran sometimes must write their legal briefs in

1984 this antipathy over-

flowed and one Iranian judge,

week, a decision that rejected an American's argument that he had been wrongfully expelled from Iran and was due compensation. The judgment could set a precedent for the thousands of other expulsion cases still pending.

In the autumn, arguments will be heard in the largest case of all - an \$18bn claim by Iran over US military equipment bought during the Shah's regime that was either shoddy or never received. Cynically, it is this huge claim for hundreds of helicopters and submarines that has kept Iran at the arbitration table.

The American judge, who plans to leave at the end of this year, estimates that by then most of the big intellectually stimulating cases will have been heard and the tribunal could start wrapping up business. He agreed with a colleague who predicts that the tribunal could end by 1990.

But Mr Eshragh fumes at suggestions by the Americans that the tribunal could begin to wind up after the current batch of big, commercial cases is finished. "We can't start winding down," he insists. "We must carefully examine every case."

After six years of forcing the Iranians and Americans together, however, the tribunal seems to offer little hope of promoting a restoration of diplomatic relations between Tehran and Washington. High tension in the Gulf, embargoes over the Iran-contra scandal and the latest diplomatic rows will for early progress.

"We're in a climatic phase," says Mr Eshragh, "but we're not in a climatic phase." He points to the \$1.15bn Sedco ruling two weeks ago, which set a precedent for a group of much bigger oil expropriation cases still being heard. Last month, two interim judgments were rendered, one in a \$1bn claim by a US oil consortium, the other a \$30m claim by Amoco, the fifth largest American oil company.

A significant ruling in Iran's favour also was delivered last

Perhaps it was lure of the grouse moor today that persuaded General Accident to announce its interim results yesterday, rather than slipping in behind this morning's final Union figures as usual. Or maybe the figures were just to good: pre-tax profits more than doubled to £122.8m - that GA could not bear to share the limelight. Whatever the reasoning, news that at least some parts of the composite insurers' business are underwriting risks profitably once more was a heartening start to the results season.

GA's second quarter profits in the UK property lines suggest it is a good time from Sun Alliance, while the success of the US property account could be significant for Royal.

It is springtime for insurers, though, insurance analysts, who seem more far sighted than the rest of the market, are ready to discount next winter. A hint from GA that the pace of improvement must slow was hardly noticed by a sector which has performed poorly against the market over the last year. GA's share price and the other composite slipped back after the initial enthusiasm to gain a new 21p on the day, closing at 102.5p.

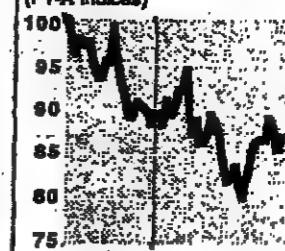
Yet there are grounds for hoping that the next underwriting crunch will not be as severe as the last and the sector can expect above average dividend growth for a couple more years meanwhile. And should the stock market turn to more defensive qualities, GA's solvency ratio at 100 per cent is decided.

THE LEX COLUMN

Riding the cycle

Insurance Composite

Relative to All-Shares (FTSE 100 Indices)



cannot be increased, as with Sumitomo and Goldman Sachs. The loss of potential synergy may not be that worrying but the prospect of an indefinite 'hands-off' state in a US financial institution must remain twelfth on the agenda.

The relative size of the deal makes such a comparison irrelevant. But if the investment is, in part, a bet on the commercial banking restrictions being swept away - which would permit Lloyds' stake to rise to 49.9 per cent - then Congress might ensure a long wait for effective control. The demise of Glass-Steagall would, of course, pull up the value of the stock but not formally Lloyds can live with such a large position. For one thing it could spin off the awkward parts of Weiss and just hang on to the investment management division. More important, although the Weiss stake has not come cheap it is projected to provide a percentage return comfortably in double figures.

Trade figures

When they came, the headline numbers figures were seen as likely to panic over. However, the markets' relief, equities, gilt-edged and sterling all rose, though not by as much as expected. The attempt to form a simple company has been made before, and complexity has crept in. But at 174p, up 7p yesterday, the shares are on a historic p/e of only 13, and if the dividend is doubled this year as forecast, the yield will be 4.5 per cent.

Even so, a deficit of £168m is hardly good news. Within the detailed numbers, there are signs of some rather disturbing trends. The volume figures show record surpluses up 3 per cent and imports up 6 per cent compared to the first quarter, despite the CBI survey's optimism on exports.

Imports of consumer goods are still running strongly ahead of capital goods. The latter might be expected to catch up as industry's plans to increase investment work through to orders.

Meanwhile, the markets have many more statistics to wrestle with, the most important being next week's money supply figures. As Mo, one of the authorities' favourite aggregates, is relatively easy to forecast, estimates of an annualised growth rate of perhaps 5% per cent are probably near the mark. And that would be a number that the markets and the authorities could agree to over.

Peru dilutes proposal to nationalise companies

By Barbara Dury in Lima

THE PERUVIAN Congress has watered down President Alan Garcia's legislation for nationalisation of the financial system to allow for a proportion of private ownership.

The compromise legislation is a response to the strong opposition which has followed the announcement of the President's proposals two weeks ago.

The legislation now under debate in the congress would allow between 15 and 25 per cent of the shares of the 22 nationalised banks, finance companies and insurance companies to be held privately.

Private shareholding would be limited to 15 per cent in the 31 larger Lima-based banks and companies, and to 25 per cent in two regional banks that are to be nationalised.

Private shareholding will be limited per individual or family to 25 Peruvian tax units, each worth currently 14,100 intis (\$381 at the officially set dollar exchange rate).

The new legislation is the work of the ruling American Popular Revolutionary Alliance (APRA). It holds a majority in the key House of Deputies' committee on the economy, banking and insurance, and the constitution, which jointly re-drafted the bill.

The right-wing parties walked out of the drafting committee sessions and claimed that the new version of the bill was being dictated from the presidential palace. The left-wing parties participated in the re-drafting, winning the concession that a worker representative be elected to the board of directors in each of the institutions.

President Garcia says that he is determined to move the legislation very quickly through congress quickly. Given APRA's minorities in both houses, the bill is expected to be approved in record time.

The private owners and directors of the 33 institutions remain in charge of their banks and companies following the suspension last week of the temporary takeovers.

Bank issues new guidelines on loans to developing countries

BY ALEXANDER MCNELL, EUROMARKETS EDITOR, IN LONDON

THE BANK of England has issued guidelines to British clearing (retail) banks on the provisions they might be expected to make for loans to troubled developing country debtors.

The move follows the decision of many US and UK banks to make large increases in their loan loss reserves after an escalation in the five-year-old debt crisis this year. The Bank has, however, been concerned for some time about the general level of provisioning.

Officials emphasised that the guidelines are voluntary and will simply provide a basis for discussion with individual banks as part of the Bank's regular prudential supervision.

Nevertheless, the new framework seems bound to increase pressure on banks which have not yet done so to set aside provisions which could in some cases necessitate moves to

shore up their capital. All four British clearing (retail) banks have already announced substantial provisions.

The trend towards higher provisions was started in May by Citicorp, the largest bank lending to developing countries, after difficulties in arranging a rescue package for Mexico and after Brazil, the largest Third World debtor, had stopped paying interest on \$880m of debt to British commercial bankers.

Yesterday they that welcomed the Bank's initiative as providing a valuable yardstick, although some had quibbles about its practice.

The Bank, like some of the major lending banks, has devised a check-list against which banks can 'score' the economic and repayments performance of countries to which they have loan exposure.

The Bank also takes into account the secondary market price of a country's debt - although it assigns it a fairly low weighting in its scoring system.

Six minesweepers sent to Gulf

Continued from Page 1

Iranian aircraft which appeared to be threatening it close to the Strait of Hormuz last Saturday. The plane veered away and the missile apparently missed it. This was the first known hostile firing of a missile by US forces in the Gulf since Washington began its escort mission for refugees Kuwaiti tankers last month.

As a result, the US and Britain were expected to press for the drafting of a second resolution calling for a mandatory arms embargo against Iran. It was not clear whether this would be extended to cover Iraq following Baghdad's resumption of bombing raids on Iranian economic targets on Monday. Both the Soviet Union and China are known to have reservations about an arms embargo, at least at this stage.

Meanwhile, the US Defence Department in Washington announced the safe arrival in Kuwait of three refloated Kuwaiti tankers and their US Navy escorts after skirting a mine in the Gulf. Shipping sources said four US warships turned over the tankers to the Kuwaiti Navy at the mouth of the Persian territorial waters by about a 550-mile trip delayed by about 36 hours by the discovery of a mine.

In another development, US officials disclosed in Washington that a US F-14 fighter had fired at least one missile at an Iranian aircraft which appeared to be threatening it close to the Strait of Hormuz last Saturday. The plane veered away and the missile apparently missed it. This was the first known hostile firing of a missile by US forces in the Gulf since Washington began its escort mission for refugees Kuwaiti tankers last month.

It should only be done as part of a multi-national minesweeping fleet, preferably with the involvement of the Soviet Union.

Labour was seeing the decision as a 'U turn' on part of Mrs Thatcher following her earlier refusal to meet President Reagan's request for the despatch of British minesweepers to the area. It was felt that the sudden announcement of the change of policy was a result of the intervention of the US.

Our parliamentary staff writes: The decision to send minesweepers to the Gulf came under strong attack from the Labour Party which sees it as a cover way of entering into joint operations with the US fleet in the area.

Mr Donald Anderson, one of Labour's foreign affairs spokesmen, who is known to have reservations about an arms embargo, at least at this stage.

The decision was publicly a British one and had been taken because of the increased number of mines in the area of the Gulf over the past few days. The minesweepers would be used only to protect the Royal Navy ships of the Armilla patrol and the vessels they were escorting.

However, it was conceded that this would have a 'spin off' benefit for the American flag vessels in the gulf. It was also being emphasised that when the original US request for minesweepers was made, it had made it clear that it would keep the situation under constant review.

Hawley to break up Canadian interests

By Niles Taylor in London

HAWLEY GROUP, the Bermuda-registered international service company, is planning a major break-up of its Canadian head office and its remaining retail business.

Countries which have suspended debt repayments or have built up long-standing arrears to their creditors will score high. Adding to their score will be failure to meet economic action affecting the prospects for debt service, such as the ratio of interest payments to export earnings, and of foreign exchange reserves to predicted imports.

The Bank also takes into account the secondary market price of a country's debt - although it assigns it a fairly low weighting in its scoring system.

Hawley said that it was seeking to sell or spin off "some or a combination of its business interests". The company added that it was too early to elaborate on the size of its disposal, but a tidy chunk of a top notch London stockbroker instead of (largely) disappearing into the pockets of the new partners.

Whether or not the amounts

to change in strategic amounts in part on the speed of change in US banking regulation. Because of Weisz's activities in venture capital and mutual funds, the Bank Holding Companies Act (and Glass-Steagall) dictates that the 24.9 per cent stake must remain passive and

should be increased, as with Sumitomo and Goldman Sachs.

The loss of potential synergy may not be that worrying but the prospect of an indefinite 'hands-off' state in a US financial institution must remain twelfth on the agenda.

The relative size of the deal makes such a comparison irrelevant. But if the investment is, in part, a bet on the commercial banking restrictions being swept away - which would permit Lloyds' stake to rise to 49.9 per cent - then Congress might ensure a long wait for effective control. The demise of Glass-Steagall would, of course, pull up the value of the stock but not formally Lloyds can live with such a large position.

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the awkward parts of Weiss and just hang on to the investment management division. More important, although the Weiss stake has not come cheap it is projected to provide a percentage return comfortably in double figures.

Hawley Group

The apparent decision by the Hawley Group to sell off its Henrys associate in Canada deserves a cautious welcome. If there has been a case for seeing Hawley as a sensible company obscured by Mr Michael Ashcroft's passion for complexity, Henrys - the former Midape - has always been the obstacle.

The set-up always had an apparent logic, whereby unwanted parts of the business could be passed on at hefty prices, and other entities could be bought and consolidated - which would then hang on to the investment management division. More important, although the Weiss stake has not come cheap it is projected to provide a percentage return comfortably in double figures.

Meanwhile, the markets have many more statistics to wrestle with, the most important being next week's money supply figures. As Mo, one of the authorities' favourite aggregates, is relatively easy to forecast, estimates of an annualised growth rate of perhaps 5% per cent are probably near the mark. And that would be a number that the markets and the authorities could agree to over.

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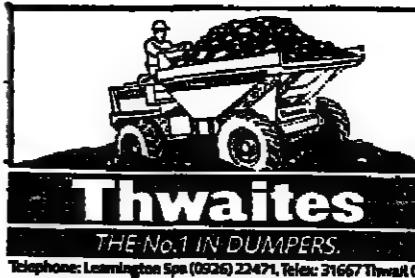
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday August 12 1987

**Citicorp abandons bid to market Choice credit card**

BY JAMES BUCHAN IN NEW YORK

CITICORP, the largest US banking group, is abandoning a 10-year effort to market an integrated credit card and will convert its Choice card to Visa, a system owned by member banks.

The decision by Citicorp, effectively to abandon Choice, which has about 1.5m customers in selected areas of the US, confirms that competition is heating up in the 150m-strong US credit card market with the advent of new credit cards from heavyweight non-banks such as American Express and Sears Roebuck.

Citicorp, which is the largest bank issuer of cards with some 16m accounts, said that from September

it would switch Choice to the Visa system because customers wanted "immediate acceptability, both nationally and internationally."

Analysis believes that Citicorp, which launched Choice to bypass the fees banks have to pay to the Visa and Mastercard systems, failed to gather enough customers and revenues to cover the high costs of operating the card.

"There's all this infrastructure to support your own card," said Mr John Pollock, editor of Bank Credit Card Observer, an industry newsletter based in New Jersey. Mr Pollock said that, despite its "muscle, reach and bank credit card market share," Citicorp lacked the national

customer base which American Express and Sears are tapping.

American Express, which started offering its Optima credit card to customers of its famous charge card in the spring, "already has a national constituency with its charge card. Optima has a better run at success."

American Express infuriated the banking industry by announcing an interest rate of 13.5 per cent on Optima, as against 7.1 per cent on Choice and a bank credit card average estimated by Mr Pollock at 17.3 per cent.

Despite losing nearly \$60m a quarter on the project, Sears has gathered 15m customers for its Discover card in its 18 months of existence.

Principal Group files for bankruptcy

By Our Montreal Correspondent

PRINCIPAL Group Limited, an Alberta-based financial services company with assets of C\$1bn (US\$750m) has filed for bankruptcy after the collapse of two subsidiaries last June.

The Alberta government froze the assets of First Investment Corporation and Associated Investors of Canada on June 30 because it doubted that they could make full payment to about 67,000 smaller investors in western Canada who held nearly C\$500m of uninsured investment contracts. The investors may lose C\$60m.

Another subsidiary, Principal Savings and Trust Company, has lost nearly 10 per cent of its deposits since June. The Principal Group looked for a merger with a large corporation.

The trust company deposits are insured up to the legal C\$100,000 limit per account.

Intel-AMD licence dispute escalates

BY LOUISE KENOE IN SAN FRANCISCO

A BITTER dispute between Silicon Valley neighbours Intel and Advanced Micro Devices over microprocessor licensing has escalated, with Intel now seeking revocation of AMD's rights to manufacture some of Intel's most widely used microprocessors.

The dispute stems from a 1981, 10-year second sourcing pact whereby the companies agreed to swap manufacturing licences on a wide range of current and future products. The agreement appeared to work well until last year when Intel introduced a 32-bit microprocessor, called the 386.

According to AMD, Intel has refused to provide technical details of the 386 in accordance with their agreement. Intel says AMD has been unable to come up with products of equivalent value in exchange for the 386.

The dispute was taken to closed arbitration in April when Intel terminated the agreement. AMD responded with a claim for \$1bn in punitive damages.

In the latest move, Intel is seeking to cancel previous licensing agreements with AMD for the widely used 286 microprocessor, a 16-bit chip used in many personal computers including several IBM models; the 186, an 8-bit microprocessor; and the 3051, a widely used microcontroller.

Lossing the rights to make the Intel-designed chips would be a blow for AMD. The Intel-designed microprocessors represent a significant portion of AMD's business, and without them AMD might also lose sales of associated chips used by personal computer makers.

In a competitive move this week, AMD introduced a new version of the 286 microprocessor which, it claims, rivals Intel's 386.

Quaker Oats rises 11.4% to \$185m

By Our Financial Staff

QUAKER OATS, the Chicago-based foods group, yesterday announced an 11.4 per cent growth in annual net earnings to \$185m and a further disposal among the Anderson, Clayton businesses acquired last autumn. It has sold Igloo Products, a Houston manufacturer of consumer and industrial ice chests and beverage coolers, to an investor group including First Boston affiliates and Igloo senior management. Although terms were not disclosed, Quaker said Igloo had sales of about \$160m.

The sale includes Impact Extrusions, a producer of thermoplastic sheet used in the recreational vehicle, spa, pool and specialty plastic industries.

Quaker bought Anderson Clayton for \$312m last September. This June it made a \$225m foods disposal to Kraft and aims to sell all these businesses except Gaines Pet Foods.

The latest year's results included an after-tax charge of 14 cents a share, taken in the second quarter, for the closing of a pet foods manufacturing plant in connection with the acquisition of Gaines.

Annual operating earnings were \$2.26 a share, up from \$2.05. Sales rose to \$4.47bn from \$3.45bn. For the fourth quarter alone, profits were \$71.7m compared with \$78.4m, equivalent to 16 cents a share on each occasion. This came on revenues of \$1.26bn against \$200.4m.

Quaker said it benefited from improved results in Europe, particularly better margins in the Cane corn oil business and increased retail volumes in General Pet Foods.

In Fisher-Price toy lines were also showing "very strong" orders with a good retail response to new products.

Wal-Mart posts sharp 40% surge in earnings

BY RODERICK ORAM IN NEW YORK

WAL-MART STORES, the southern group poised to overtake J. C. Penney to become the third-largest US retailer, has reported a better-than-expected 40 per cent rise in profits on a 35 per cent surge in sales for the second quarter.

Net profits for the three months ended July 31 rose to \$134.1m or 24 cents a share, after a two-for-one stock split on July 10, from \$95.5m or 17 cents, a year earlier. First-half net was \$264.5m, or 43 cents, up 44 per cent from \$189.3m, or 30 cents.

Sales grew to \$3.72bn in the second quarter from \$2.76bn a year earlier, lifting first-half sales 48 per cent.

The spectacular growth of the discount retailer has made Mr Sam Walton, its founder, the wealthiest man in the US, according to Forbes

magazine. Wal-Mart is headquartered in Bentonville, a town of 10,000 people in north-west Arkansas, five miles away from the site of the first Wal-Mart store Mr Walton opened 25 years ago.

Commenting on the latest results, Mr Walton, chairman, said: "We are pleased with the consistent customer reaction to our merchandise values, resulting in above-budget sales and earnings."

At quarter-end, the group totalled 1,056 Wal-Mart stores, up from 915 a year earlier. 75 Sam's Wholesale clubs (37) and 19 Discount Drug stores (four). The new stores added more than 100,000 feet of retailing space. Virtually all the stores are in a 24-state area within 50 miles of Bentonville.

Meanwhile, The Limited, the largest US retailer specialising in women's clothes, reported a 42 per cent increase in net profit in the second quarter ended August 1 to \$57.2m, or 39 cents a share, from \$40.2m, or 22 cents, a year earlier.

First-half net rose 43 per cent to \$102.6m, or 54 cents, from \$71.6m, or 39 cents. Second-quarter sales were up 18 per cent at \$622.1m against \$505.2m and up 20 per cent in the first half to \$1.63bn from \$1.36bn.

The Columbus, Ohio, based group, which has 2,657 stores nationwide, said a major contribution to the latest performance has come from Limited Express, a 20-store division started in 1982 which is planning to expand from women's into men's fashions.

Mellon to cut back workforce by 10%

By Our New York Staff

MELLON BANK, the celebrated Pittsburgh banking group which has been tarnished by heavy loan losses, is to reduce its 19,000-strong workforce by some 10 per cent in a bid by new management to reorganise the troubled group.

Mr Frank Cahouet, who was appointed as chief executive of the century-old bank in June, said in a newspaper interview that Mellon would cut its workforce by between 1,800 and 2,000.

Mellon, which has suffered heavy losses in the last six months, last month announced a six-month salary and hiring freeze.

Mr Cahouet, a tough banking executive credited with turning round Crocker National of San Francisco on behalf of the UK's Midland Bank, also said that he expected Mellon to make a profit in its third quarter to September.

In the June quarter, Mellon lost \$500m after setting aside \$415m in reserves against its book of problem international and domestic loans. A \$60m loss in the first quarter led to the ousting of Mr David Barnes as chief executive.

Ryobi in bid for Inertia Dynamics

By Our Financial Staff

RYOBI, Japan's largest maker of die castings, has moved to expand its US presence with a bid for Inertia Dynamics, an Arizona maker of powered gardening tools.

Inertia Dynamics, which claims

second place in the US market for petrol-driven grass trimmers, is valued

under the offer at some \$65.5m. It went public three-and-a-half years ago and had sales in the year to last August of \$40.1m, on which it made net profits of \$2.9m.

The company is already one-third owned by Ryobi.

All these securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

11th August, 1987

**THE KOA FIRE AND MARINE INSURANCE COMPANY, LIMITED**

(Kao Kain Kain Hoken Kabushiki Kaisha)

U.S.\$70,000,000

1 1/4 per cent. Convertible Bonds Due 2002

Issue Price 100 per cent.

Nomura International Limited

Salomon Brothers International Limited

Sanwa International Limited

Yamaichi International (Europe) Limited

Bank of Tokyo Capital Markets Group

Banque Indosuez

Baring Brothers & Co., Limited

Dai-ichi Europe Limited

DKB International Limited

IBJ International Limited

LTCB International Limited

New Japan Securities Europe Limited

Shearson Lehman Brothers International

Takafumi International Bank (Europe) S.A.

Toyo Trust International Limited

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This announcement appears as a matter of record only.

11th August, 1987

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with

Warrantsto subscribe for shares of common stock of Toyobo Co., Ltd.
unconditionally and irrevocably guaranteed by**The Mitsubishi Bank, Limited**

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Alexander Nicoll on the official guide to LDC lending provisions

Relaxed approach from the Bank

THE BIG four British clearing banks, which have recently made large provisions against developing country loans, are likely to have little problem with the thrust of guidelines on provisioning newly circulated by the Bank of England.

The four have set aside a total of £3bn this year, increasing their provisions to between 25 and 30 per cent of their loans to countries with repayment difficulties.

The Bank of England's matrix suggest that these provisions would be adequate to meet the guidelines—indeed, bankers whose provisions are at the higher end of the range say that they are also at the higher end of provisioning bands suggested by the Bank.

In line with the Bank's concept, the clearers have based their decisions on assessments of individual countries. National Westminster, for example, said its provisions ranged from 14 per cent to 100 per cent.

However, other banks—and especially London-based consortium banks—could face tougher interviews the next time the Bank of England calls for its prudential checks. The Bank has circulated the guidelines to some 100 banks in the UK and has also sent copies to fellow supervisors in other countries.

The guidelines allow a considerable amount of leeway.

BANK OF ENGLAND MATRIX OF DEBT RECOVERABILITY

Factor	Score	Factor	Score
Moratorium in effect 0-3 mths	3	Import cover end 1986	2
3-12 mths	6	below 4 mths	2
over 12 mths	10	below 2 mths	4
Rescheduled since 1983	10	Debt/GDP ratio 1986 over 50%	2
Rescheduled twice or more	5	over 75%	4
In arrears on principal to other creditors 0-3 mths	4	Debt/exp 1986 over 300%	2
over 3 mths	8	over 50%	4
IMF targets imminent	8	IMF targets imminent to go to IMF	3
Unlikely financing gap	2	Secondary unit price below 80	2
over 3 mths	8	below 50	4
Interest/export ratio 1986	2	Overdependence single export	2
over 15%	2	Other factors	0-5

ranging from 61 per cent to 100 per cent.

The Bank of England would not confirm that these were the bands it has suggested.

Though the criteria are open to interpretation, Latin American debtors such as Mexico, Argentina, Chile and Venezuela would probably score in the low 30s on the matrix. This means the Bank might expect a provision of roughly 30-35 per cent. Brazil, which has declared a moratorium, would score around 50 and could require provisioning of over 30 per cent.

Bankers complained that the Bank does not take account of positive factors—for example, if a country is repaying principal and it has a good debt-equity swap scheme.

Bankers have another concern while the Bank of England might prefer provisions to be set at the higher end of its suggested ranges, the Inland Revenue might tend towards the lower end and in deciding to what extent provisions are tax-deductible.

Officials said the Bank is concerned about loan quality for prudential reasons, while the Inland Revenue must consider the likelihood of permanent irrecoverability of loans. The Revenue has said, however, that it will take use of the Bank of England matrix in account in its tax assessment of banks.

They permit differences in assessment of debtor countries by individual banks. The Bank does not specify a timescale within which a bank would be expected to raise its loan loss reserves.

The framework operates like this: the matrix circulated by the Bank provides a checklist—seen in the accompanying table—against which each bank can rate the performance of countries to which it has lent. The negative criteria are cumulative: a country which failed to meet all of them would have a maximum 33.

The score, however, does not equate mechanically to the provision that the Bank would

expect. Instead, the Bank sets out a series of bands within which provisions would be expected to be set for each score, and these would be subject to discussion with the Bank.

Bankers said the bands are as follows: a score of 10 to 24 would require provisioning of 5 per cent to 15 per cent; a score of 25 to 40 would translate into provisions of 16 per cent to 25 per cent; a 41 to 55 score converts to 26-41 per cent; a 56 to 70 score would mean 41 per cent to 60 per cent provisions; and scores between 71 and the maximum 83 would have a broad range of provisioning in the tax assessment of banks.

The framework is designed to make it easier for a bank to assess the risk of lending to a country, and to ensure that the risk of lending to a country is reflected in the way in which a bank's provisions are calculated.

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First-half earnings at Amro 20% ahead

BY LAURA RAUN IN AMSTERDAM

AMSTERDAM - ROTTERDAM, the second largest bank in the Netherlands, lifted earnings by 20 per cent to F1 218.3m (\$106m) in the first half of 1987 following sharply lower loan-loss provisions.

The interim dividend was raised by 20 cents to F1 2 a share and Amro said it expected both net income and per-share earnings for 1987 as a whole to show an increase.

A 20 per cent reduction in general contingency provisions to F1 350m helped transform a decline in gross profits into a 7 per cent rise in pre-tax profits. Gross profits fell 9 per cent to F1 656m as a result of lower income and higher costs.

Mr Roelof Nelissen, chairman of Amro, took great pains

yesterday to explain why the bank had cut its bad-loan reserves at a time when UK and US banks were tending to dramatically raise such provisions. He noted that specific provisions for less developed countries with debt problems were increased further in the first half, even though overall reserves were rising.

"We do not exclude a further deterioration of the situation in a number of these countries," Mr Nelissen admitted under repeated questioning that he was not entirely satisfied with the first half results but he hastened to add: "I look to the longer term," and noted that the comparable period of 1986 was an especially good one.

Total income slipped 2 per cent to F1 1,876m in the January-June period on lower revenue from securities commissions and trading, mostly in

Dutch banks as a whole have far less exposure to Third World debt than their US and UK counterparts. The Dutch central bank recently revealed that "the volume of lending to countries...with payment problems...now numbering over 30—comes no more than 22.5 per cent of own funds at the end of 1986."

Mr Nelissen admitted under repeated questioning that he was not entirely satisfied with the first half results but he hastened to add: "I look to the longer term," and noted that the comparable period of 1986 was an especially good one.

Amro is the first of the Dutch banks to report its first-quarter results. Algemene Bank Nederland, the largest, will report on Friday.

The first quarter, a rally on the Dutch stock market that began in June helped boost such income at the end of the second quarter.

Total costs climbed 3 per cent to F1 1,228m in the first half on increases in personnel costs, depreciation and impairment. Amro's new headquarters building and accelerating investments in automation accounted for much of the rise.

The balance sheet total expanded by 2 per cent to F1 141,777m as of June 30 from F1 139,068m at the end of 1986 in spite of the depreciating dollar.

Dah Sing to acquire rescued HK bank

BY CLARE PEARSON

By Kevin Tamkin in Hong Kong
HONGKONG Industrial and Commercial Bank (HICB), which has been run by the Government since the collapse and subsequent rescue of its parent, Overseas Trust Bank (OTB), will be sold to Dah Sing Bank, a small family-controlled financial concern, for HK\$531m (US\$65m).

HICB will be the first of three banks now run by the Government to be returned to the private sector. In principle, a methodical, as opposed to the hasty and somewhat chaotic

approach adopted by the

Government to the rescue of

HK\$1.5bn in 1986, as better

than expected July food

rules looked to boost the ruling

Labour party's re-election

chances.

HICB collapsed in June 1985 amid allegations of widespread fraud, and was rescued by the Government at an estimated cost to taxpayers of HK\$400m. Hang Lung Bank, which collapsed in 1985, is the other bank still being nursed back to health by the Government.

The sale of HICB, a 65 per cent state-owned subsidiary of OTB, to Dah Sing places a HK\$126m premium on the bank's net asset value of about HK\$450m.

Dah Sing will make a general offer to HICB's minority shareholders of about HK\$120 per ordinary share, based on an evaluation which excludes the HK\$408m injected into the bank by a government-insured rights issue of redeemable preference shares in 1985.

HICB's share capital will be reorganized before trading resumes on the stock market, scheduled for August 13.

HICB shareholders will also receive a small allotment of shares in Dah Sing Financial Holdings, a company recently formed to acquire Dah Sing and HICB. This company will be quoted on the stock exchange after 26 September, when the stock market has been placed with as yet unnamed

parties.

Mr David Wong, who heads Dah Sing, was unavailable for comment yesterday, but a statement said: "The main benefit of the acquisition of HICB by Dah Sing Bank is that it will create a medium-size bank with a strong network established throughout Hong Kong, and with a strong balanced banking business.

Geographically, HICB's branch network is complementary to Dah Sing Bank's, with only a very small overlap.

The statement added that directors of Dah Sing

believe that the established business strategy of Dah Sing Bank will enable the amalgamated group to provide an enhanced range of services to the clients of both banks.

It further said that Dah Sing, which now has 14 branches in Hong Kong and an overseas office in San Francisco, has plans to open new branches as opportunities arise. HICB has 23 branches in Hong Kong.

In the six months to December 1986, HICB recorded a net profit of HK\$8.68m, compared with a HK\$10.8m loss in the first half of 1985-86.

Statoil raises profits by 40% at six months

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, reports profits of Nkr 4.3bn (\$625m) for the first half of 1987, a 40 per cent increase over last year's earnings for the same period. Operating income for the first six months was Nkr 24.8bn.

Mr Willy Olsen, a Statoil official, said that the result, which is comparable to profits before year-end dispositions for the whole of 1986, arises mostly from the oil price recovery and because of additional production.

Downstream activities for marketing and refining moved an operating profit of Nkr 2.87bn. Statoil's share of distribution companies for oil products in Norway, Sweden and Denmark consolidated their market positions. The group has about 18 per cent of the Scandinavian market for refined products.

Statoil has about 1,600 petrol stations located throughout Norway, Sweden and Denmark. In 1986 it increased its share of the Danish distribution market when it acquired 490 petrol stations and one refinery from Dansk Esso. It currently holds about 26 per cent of that market.

Operating profit for the group's petrochemical operations in Norway, Sweden and West Germany was Nkr 249m.

Mr Olsen said that Statoil expected increased profits for 1987 as a whole, although the uncertainty of oil price developments made it difficult to be specific about prospects. For 1986 the group made a net profit of Nkr 1.1bn.

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Higher coupon currencies the focus of attention

BY CLARE PEARSON

ATTENTION IN THE Eurobond

market yesterday focused on

the higher coupon currencies

and the lower ones.

Yesterdays

issue for the Commonwealth

Bank of Australia marked a

reopening of the New Zealand

dollar sector, which has not

seen a new bond since July 8.

It was prompted by a rally in

the domestic bond market,

which had shaken off some of

its nervousness overnight and

the New Zealand dollar election

last week.

It was followed by a

sharp rally in the

New Zealand dollar.

Dealers said the bond had

traded around less 13 bid.

Yesterday

marked down immediately after

the release of yesterday's

figures, but then recovered to

and the day as much as 8

points higher in the 10-year

area and 4 points higher in the

20-year area.

Dealers said the bond had

traded around less 13 bid.

They expected it to be com-

pared with a benchmark SFr

100m 20 per cent 20-year issue

for Electricite de France, which

traded yesterday at 100.

Swiss dealers said the

market was thought reason-

INTL. COMPANIES and FINANCE

Acquisitions boost interim results at BTR Nylex

BY CHRIS SHERWELL IN SYDNEY

BTR NYLEX, the Australian subsidiary of the British BTR group, yesterday reported strongly improved interim profit and sales figures thanks to its stream of recent acquisitions.

Giving its results for the six months to June, the Melbourne-based group reported after-tax profits of A\$62.5m (US\$45.7m), more than four times higher than the A\$15.6m recorded a year earlier. At A\$36.5m, sales also topped the 1986 figure of A\$21.6m.

The group, which manufactures such industrial items as conveyor belts, gearboxes,

hoses, hydraulic components and plastic and polymer products, said the increases were achieved in all its diverse market sectors except the Australian automobile market, where demand was flat.

Of the group's total profit before interest and tax of A\$58.8m came from companies acquired since last July, the directors said. Of the total sales figure, A\$33.6m was similarly derived.

Last November, BTR Nylex bought three Taiwanese plastics companies for A\$16.5m, and in January acquired Malcolm

Moore, another industrial equipment manufacturer.

In May, BTR Nylex finally won acceptance from Borg-Warner Australia's US parent for its A\$20m takeover of the gearbox manufacturer, while last month the group purchased Repco Universal Drivelines, which makes driveshafts.

"Not only do these acquisitions substantially increase the size and future profitability of our group," BTR Nylex said yesterday, "but also extend our technological engineering capability substantially."

First-half jump for Toa Nenryo

BY YOKO SHIBATA IN TOKYO

TOA NENRYO, the oil refining company in which Exxon and Mobil Oil each have 25 per cent stakes, reported a 61 per cent jump in pre-tax profits to a record Yen 1.45bn (US\$10.5m) for 1986, with net profits up 44 per cent to Yen 8.62bn.

The buoyant earnings, despite a 42.7 per cent fall in sales to Yen 70.7bn, were attributed to falling crude oil prices, which profit rose on foreign exchange resulting from the year's rise and a large surplus on fund management.

Toa Nenryo will pay a final dividend of Yen 15 per share for a total of Yen 25, up Yen 5 from the previous year. The increase consists of a commemorative payment of Yen 2.5 to mark the expansion of its research institute and an extraordinary dividend of Yen 25.

The surplus on financial transactions expanded from the previous year's Yen 500m to Yen 1.65bn. Foreign exchange resulted from the year's rise and a large surplus on fund management.

For the current year, the

company expects pre-tax profits to fall to around Yen 60bn-Yen 70bn, on sales of some Yen 75bn. It made the conservative forecast as the oil products markets is uncertain, crude oil prices are bouncing back and the current stability of the yen-dollar exchange rate is likely to produce few exchange profits for the company.

Toa Nenryo intends to maintain its regular dividend of Yen 20 for the current year, but has not yet decided on an extraordinary dividend.

Equiticorp offshoot buys US company

BY OUR FINANCIAL STAFF

EWITEX INTERNATIONAL, a 50 per cent-owned unit of Equiticorp Holdings, the New Zealand-based investment company, has reached agreement in principle to acquire Super Sky International of the US for \$41m or \$10 a share.

Super Sky designs, makes and installs architectural-glass roofing in North America, Europe, its NZI Insurance Group and

and Asia. Its sales for the year to March totalled US\$42m, Feltex said.

The transaction is subject to various approvals and to the completion of detailed agreements.

• NZI said its result for the first quarter to June 30 reflected strong performances by

its NZI Insurance Group and

its NZI Banking Group units but warned that general insurance was seasonal and any one quarter's result was not necessarily indicative of the full year.

NZI turned in a first-quarter net profit of NZ\$42.96m (\$24.5m), against NZ\$24.89m in the same quarter of 1986. NZI Banking Group has been registered as a New Zealand bank since the start of the first quarter.

Elders to expand in Swiss trust sector

By John Wicki in Zurich

ELDERS FINANCE GROUP of Melbourne intends to expand its operations in the Swiss investment trust sector. This follows the successful launch this year of its Neuchatel-based subsidiary Elders (Switzerland) Investment Management.

The Australian parent is itself owned by the Elders IXL concern, acting as a holding company for all its finance activities. According to group managing director Mr William Payne, Elders Finance currently has over A\$2bn (\$1.4bn) of funds under management.

The Swiss subsidiary operates two open-end trusts, Elders International Investment Trust and Elders Australian Investment Trust. When these were formed at the start of this year, they were the first to be established in Switzerland by a foreign non-bank.

At present, the International Fund has assets of between SFr 16m and SFr 17m (\$10.3m and \$11.07m) and a total of 20 individual investors. The Australian Trust, six of whose eight corporate investors are Japanese insurance companies, has a portfolio of some A\$37m.

Mr Bruce Campbell, managing director of the European-based Elders Investment Management, expects growth in Swiss business due both to higher investments by existing clients and a "dramatic expansion" of the client base.

The company, which is very satisfied with the performance of the two existing Swiss trusts, expects to set up more such units in Switzerland after having established a track record on the basis of "consistently superior long-term performance."

At the same time, it envisages expansion into other fields of the financial services sector in connection with portfolio management for corporate and private clients.

DBS group net profit up 59% despite higher tax

BY OUR FINANCIAL STAFF

DEVELOPMENT BANK of Singapore (DBS), the largest of the republic's four main bank holding groups, said group pre-tax profit in the first six months of 1987 jumped by 15.9 per cent to S\$148.1m (\$70m), from S\$62.3m a year earlier. However, after taxes by 540 per cent to S\$52.2m, after-tax profit rose by 6.3 per cent to S\$95.9m.

DBS said additional transfers to its general reserve for possible loan losses and diminution in asset values were made in the period. The provisions are not tax-deductible, the bank

said, accounting for its 48 per cent tax rate in the period, compared to the usual 33 per cent corporate tax rate.

At the bank alone, pre-tax profit rose by 95.6 per cent to S\$20.7m, while after-tax profit climbed 21.4 per cent to S\$5.2m.

After deducting S\$10.2m for minority shareholders in its subsidiary final profit attributable to DBS shareholders climbed by 47.6 per cent in the period to S\$7.2m. Attributable profit at the bank alone rose by 21.4 per cent, to S\$2.5m.

For the three months ended 13th August, 1987 to 13th November, 1987 the Notes will carry an interest rate of 7½ per cent per annum and interest payable on the relevant interest payment date 13th November, 1987 will be US\$182.08 per US\$10,000 note.

All of these securities having been sold, this advertisement appears as a matter of record only.

3,450,000 Shares**Pegasus Gold Inc.****Common Shares****2,415,000 Shares**

This portion of the offering is being offered in the United States by the undersigned.

Goldman, Sachs & Co.

E. F. Hutton & Company Inc.

Prudential-Bache Capital Funding

Bear, Stearns & Co. Inc.	The First Boston Corporation	Alex. Brown & Sons Incorporated	Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Incorporated	Drexel Burnham Lambert Incorporated	Kidder, Peabody & Co. Incorporated	Lazard Frères & Co. Incorporated
Merrill Lynch Capital Markets	Morgan Stanley & Co. Incorporated	PaineWebber Incorporated	L. F. Rothschild & Co. Incorporated
Shearson Lehman Brothers Inc. Smith Barney, Harris Upham & Co. Wertheim Schroder & Co. Dean Witter Reynolds Inc.	Arnold and S. Bleichroeder, Inc.	Robert W. Baird & Co. Incorporated	Bateman Eichler, Hill Richards Incorporated
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Johnson, Lane, Space, Smith & Co., Inc.	Needham & Company, Inc.	Neuberger & Berman	Morgan Keegan & Company, Inc.
Legg Mason Wood Walker Incorporated	Oppenheimer & Co., Inc. Incorporated	Prescott, Bell & Turben, Inc.	The Ohio Company
Moseley Securities Corporation	Piper, Jaffray & Hopwood	Reinheimer Nordberg Inc.	Sutro & Co. Incorporated
Oppenheimer & Co., Inc.	Stephens Inc.	Stifel, Nicolaus & Company	Tucker, Anthony & R. L. Day, Inc.
The Robinson-Humphrey Company, Inc.	Underwood, Neustadt & Co. Incorporated	Wood Gundy Inc.	Wheat, First Securities, Inc.

1,035,000 Shares

This portion of the offering is being offered outside the United States by the undersigned.

Prudential-Bache Capital Funding

Goldman Sachs International Corp.

E. F. Hutton & Company (London) Limited

Banque Guizellicac, Kurz, Bungener (Overseas) Limited

Banque Paribas Capital Markets Limited

BNP Capital Markets Limited

Burns Fry Limited

Compagnie de Banque et d'Investissements, CBI

Dominion Securities Inc.

EBC Amro Bank Limited

Kleinwort Benson Limited

McLeod Young Weir International Limited

Nesbitt, Thomson Limited

S. G. Warburg Securities

Wood Gundy Inc.

July 1987

**Bankers Trust International Capital N.V.**

(Incorporated in the Netherlands Antilles)

U.S.\$200,000,000

Guaranteed Floating Rate Subordinated Notes Due 1996

For the three months ended 13th August, 1987 to 13th November, 1987 the Notes will carry an interest rate of 7½ per cent per annum and interest payable on the relevant interest payment date 13th November, 1987 will be US\$182.08 per US\$10,000 note.

International Westminster Bank PLC

London - Agent Bank

Series 004

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Notice is hereby given that the above Series of Notes issued under a production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 7½ per annum. The Issue Date of the above Series of Notes is 13th August, 1987, and the Maturity Date will be 16th February, 1988. The Euro-clear reference number for this Series is 40386 and the CEDEL reference number is 828038. Manufacturers Hanover Limited Issue Agent

12th August, 1987

MOTOR INDUSTRY

The Financial Times is proposing to publish this Survey on

WEDNESDAY OCTOBER 21, 1987

For full details, contact:

COLIN DAVIES

FINANCIAL TIMES

Europe's Business Newspaper

Mortgage Intermediary

Note Issuer (No. 1) Amsterdam B.V.

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August, 1987 to 11th November, 1987

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Morgan Grenfell & Co. Limited

Agent Bank

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Subordinated Floating Rate Notes 2001

Notice is hereby given that the Rate of Interest has been fixed at 10.35% p.a. and that the interest payable on the relevant Interest Payment Date, November 11, 1987 against Coupon No. 6 in respect of £5,000 nominal of the Notes will be £130.44, and in respect of £10,000 nominal of the Notes will be £1304.88.

August 12, 1987, London

By Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

The undersigned Initiated this transaction and acted as financial advisor to Crime Control, Inc.

Electro-Protective Corporation

a wholly-owned subsidiary of

Hawley Group Limited

The assets of

Crime Control, Inc.

have been acquired by

Electro-Protective Corporation

Affiliated companies in

London Paris Zurich Hong Kong Singapore Sydney

July 26, 1987

ROTHSCHILD INC.

UK COMPANY NEWS

UK recovery helps GA to £103m

BY NICK BUNKER, INSURANCE CORRESPONDENT

General Accident, Britain's second biggest composite insurer, outstripped the City's forecasts yesterday with half-yearly pre-tax profits of £102.8m bolstered by a bigger than expected recovery in the UK.

Lading stockbrokers analysts had been estimating that the pre-tax figure would be between £88m and £98m. In the first six months of 1986, GA made £49.4m pre-tax. The shares climbed 5% to close at £104.

In its biggest territory, the US, GA reported underwriting results a little worse than those of major property/casualty insurers, because of the impact of losses on its large private automobile account.

The main surprise lay, however, in a £21m second-quarter fall in underwriting losses in the UK, which accounted for 34 per cent of worldwide non-life premiums.

Mr Buchan Marshall, chief general manager, said "the pace of improvement should not be expected to be maintained for

film, against a £9.8m loss in the same period of 1986. For the half-year, GA nearly halved its UK underwriting loss from £26.8m to £9.5m, in spite of exceptional weather losses in the first quarter.

Mr Roberts, GA's UK general manager, said the home-owners' account had benefited from an improvement in fire and burglary claims, which were up to a surprising extent 28.6m underwriting profit in the second quarter.

This reduced the first-half underwriting loss to £11.3m in 1986.

On UK motor business, GA's underwriting loss fell from £15.1m in the first half of 1986 to £8.5m.

Group profits after tax and minorities were up 27.8m (£44.3m), with earnings per share up 74 per cent at 42.5p. GA declared an interim dividend up 25 per cent at 12.5p per share.

Net asset per share rose from 109p to 124p, with a solvency margin of 100.2 per cent.

In the UK GA made a second-quarter underwriting profit of

£1.5m, against a £9.8m loss in the same period of 1986. For the half-year, GA nearly halved its UK underwriting loss from £26.8m to £9.5m, in spite of exceptional weather losses in the first quarter.

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Clarke Hooper exceeds targets

Hestair in £13m expansion of US job agencies

BY STEVEN BUTLER

ITS first year on the USM, Clarke Hooper has expanded its core business and laid strong foundations for profitable long-term growth, the directors claim.

Announcing the results for the year ended April 30 1987 yesterday, they said figures outperformed the targets set at the time of the flotation (May 1986) and built further on the rapid growth of 1985-86.

Turnover of the group, a sales promotion consultancy, rose by 26 per cent, from £7.67m to £9.53m, and the profit before tax increased by 12 per cent from £912,000 to £1.02m. Last year included £67,000 exceptional credit stripping that out pushed the 1986-87 percentage rise to 15%.

After tax £873,000 (£284,000) earnings worked through 9.1p (£1.4p) per share. The final dividend is 1.5p to make a net total of 2.5p.

Mr Barry Clarke, chairman, said the group had been established as a successful and well-managed international company in a growth market.

He said the principal operating company, Clarke Hooper Consulting, lifted its profit 24 per cent on a 12 per cent rise in turnover. The client base had doubled considerably. This strong progress in the core sales promotion business was despite start-up costs arising from the investment made in the new direct marketing division.

• COMMENT

The rise of whimsical choice-called impulse buying in the trade-is what lies behind the trend for companies to spend more on sales promotion at the expense of traditional advertising. This is likely to continue as more companies become aware of the changes in buying habits. Clarke Hooper is in the happy position of being able to cash in on the trend, having established itself as a sales promotion specialist since 1974. It is also making the business international through US acquisitions, and new business through client referrals across the group has already started to boost turnover.

Clarke Hooper has been careful about how it buys, and aims spending \$1 billion a year to move around. This is an immediate boost to earnings. A prospective p/e of 21 based on pre-tax profits of £1.02m in the current year gives reasonably full value to the shares, but longer-term growth prospects should not be discounted.

Hestair, holding company with interests including fire engines and employment services, is increasing the British advance into the US temporary employment agency business. It has made two acquisitions in the New York area and in Massachusetts for a total of \$19.75m (£12.6m).

The acquisitions increase Hestair's geographical presence, especially in New York, which accounts for 22 per cent of the US market.

Mr David Hargreaves, chairman, said the group would proceed with plans to develop a national network of agencies in the US operating under a single name and trading style.

The US network now consists of 55 branches with an annual turnover in excess of \$150m. Thirty branches are to be added by the end year, and the group will rapidly push the total to 200, through selective acquisitions and organic growth with potential annual turnover of \$400m, said Mr Hargreaves.

The strategy contrasts with the Blue Arrow \$1.2bn bid for Manpower in which Blue Arrow is trying to buy an established national network at a multiple of earnings of 30 times.

"We are prepared to go more slowly, more steadily, and end up at the same place," said Mr Hargreaves.

The \$17.49m purchase of Aubrey Thomas in New York gives an exit p/e of 11.9, the highest Hestair has paid.

Hestair had initially stayed away from the New York area because of generally lower margins.

Gross margins at Aubrey Thomas, at 29 per cent, are only slightly below the group average of 30 per cent. By contrast gross margins at Manpower are 24 per cent.

"We do not believe in the high volume, low margin contracts and organic growth with

issue of 8.45m shares, of which 95.27% are to be retained by the vendors, the rest being placed at \$13p per share.

Aubrey Thomas has current annualised sales of \$18m with estimated annualised profits of \$2.5m. Management accounts showed pre-tax profits of \$1.4m on sales of \$19.5m in the eight months to July 1987. Sales are said to be growing at 20 per cent annually.

The Hestair US subsidiary Ward Management is also purchasing five branches in Massachusetts from Kelly Assisted Living Services. Sales at the five branches are estimated at \$4m annually, with net incremental profit contribution of about \$0.6m.

Consideration for assets and goodwill, excluding receivable, is \$2.5m in cash, with \$600,000 to be paid in compensation. Hestair will inject further \$600,000 to fund receivables.

Hestair's shares yesterday jumped 25p to close at 35p following the announcement.

Aspen lifts interim profits to £1.5m

Aspen Communications, magazine producer and publisher, video programmes, radio telephones and computer stationery, yesterday reported a share advance from £83.000 to £1.5m in pre-tax profits for the six months ended June 30.

The directors of this US-quoted company said that the year has seen a substantially increased level of capital and revenue investment in existing Aspen companies and the related benefits to earnings have yet to be realised. At the same time the board is developing selected acquisition opportunities in related businesses. The prospects for the group remain good and another successful year is anticipated.

Margins showed some improvement but the directors said the constraints signalled in

the annual report were experienced in the first half of the year. With the end of the major disruption to working conditions, the creation of new advanced production facilities and the addition of a number of new contracts, margins are expected to improve beyond September.

Dealing with the various group operations the board commented that Aspen Corporate Communications experienced a healthy increase in turnover although profits were below expectations due to reorganisation and continuing high levels of development expenditure. A significant improvement in results was anticipated for the second half.

The Post Office CTV advertising medium continued to profit greatly at a healthy rate and the

pre-print group business forms and computer supplies division continued its excellent growth.

Cleavstone Radio Communications Equipment is making strong progress in all areas and a substantially improved result for the year was anticipated.

Group turnover in the first six months rose 53 per cent to £11.35m (£7.45m); tax took £520,000 (£384,000); and minorities £18,000 (£38,000) leaving 7.5p per 5p share up from 7.5p to 9.2p.

The interim dividend is increased from 1.3p to 1.6p; last year's total was 3.7p.

• COMMENT

Aspen has been one of the less heralded US success stories in recent years, capitalising on increasing from only 22.4m to 51m in just over two years.

Scholes reiterated its rejection of Delta bid

BY PHILIP COOGAN

The board of George E. Scholes, electrical engineering company, yesterday reiterated its rejection of the 270m bid from Delta Group, the Midlands-based electrical and engineering concern.

Scholes maintains that its relationship with Brown Boveri, one of two companies which

FINANCIAL TIMES WORLD BANKING

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The Financial Times proposes to publish a survey on the above on Tuesday September 14th 1987.

Topics proposed for discussion include:

Introduction
Changing Attitudes among the Airlines
The Attitudes of the Authorities
The Role of BAA plc
The Attitudes of other Airports
The Technological Revolution in Air Cargo
The Forwarder

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High	Low	Company	Price	Change	div.(p)	%	P/E
228	123	Ass. Brit. Ind. Ordinary	204	—	7.3	—	12.5
208	145	Ass. Brit. Ind. C.U.S.	204	—	10.0	4.9	—
40	34	Amalgam and Rhodes	38	—	4.3	11.1	6.3
142	47	BBS Design Group (USA)	112nd +22	2.1	1.6	17.0	—
185	125	Bardon Group	163	—	2.7	1.6	27.5
178	85	Bry Technologies	178p	—	4.7	2.7	14.0
204	130	CCL Group Ordinary	264	—	11.5	4.5	6.5
138	95	CCL Group 11pc Conv. Pref.	138	—	15.7	11.4	—
24	12	Cambrian Group 7.5pc Conv.	160	—	6.4	3.3	13.9
117	87	Carriageworks	85	—	10.7	11.2	—
143	118	Idia Group	117nd +2	3.7	3.2	2.0	—
75	68	Jackson Group	120	—	—	—	—
440	321	James Burrough	440	—	18.2	4.1	10.0
57	52	James Burrough Spec. Pref.	97	—	12.9	13.3	—
760	500	Mulholland NV (Amster)	600	—	—	10.8	—
538	381	Record Ridgeway Ordinary	620	+3	1.4	—	10.7
85	61	Record Ridgeway 10pc Pref.	85	—	14.1	16.4	—
24	21	Rexon	77	—	—	—	—
124	141	Serravalle	124nd	—	—	—	—
202	141	Toray and Carlisle	202	+3	6.5	3.3	9.5
42	33	Travian Holdings	42nd	—	7.8	18.2	0.8
121	73	Unilever Holdings (BE)	114nd —1	2.8	2.5	21.0	—
220	115	Walter Alexander	220	+10	8.8	2.7	16.2
198	180	W. S. Yeates	195	—	17.4	8.9	19.8
175							

UK COMPANY NEWS

Maxwell meets with Elsevier tomorrow

BY RAYMOND SNOODY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, will meet Mr Pieter Vinken, chairman of Elsevier, the large Dutch publisher, for talks in Britain tomorrow.

The meeting which is expected to cover a wide range of options for a possible alliance between Mr Maxwell's British Printing and Communications Corporation and Elsevier was at Mr Maxwell's request.

The British publisher has made it clear he is prepared to pay cash for Elsevier, one of the largest Dutch publishers whose interests range from scientific journals to newspapers and consumer magazines.

Mr Maxwell has been emphasising that his intentions are friendly and that he is simply seeking to explore "the concept of what two enterprises with similarities can do together."

Last week Mr Maxwell sent his executive jet to Holland to pick up 12 Dutch journalists for a briefing in London.

In the articles that subsequently appeared in the Dutch press there was a marked absence of any hostility towards Mr Maxwell's designs on Elsevier.

Mr Vinken, who believes that a major league of international publishing organisations will emerge, has been having talks with a number of large English language publishers.

The share price of Elsevier, a company capitalised at about £1bn, was suspended for a short time last week amid rumours of a Maxwell bid.

Everard down at £0.5m after lower property sales

The poor winter and spring weather was blamed by Everard Brewery for a slight fall in the interim trading results.

However, Mr Alan Weston, chairman, said that better cost control and higher retail profit resulting from the increased investment in public houses led to an increase in trading profits from £387,000 to £388,000.

Turnover for this Leicester

based company in the 26 weeks to March 26 1987 fell from £9.28m to £8.87m. After property from previous disposals of £105,000 (£250,000 pre-tax profits), our net profit rose again to £88,000 last time.

Mr Weston said that sales of beer and lager had increased compared with the previous period, against the national trend.

Eurotherm's Kineron payment

Robert Fleming at a price of 440p per share.

A further four instalments are payable, which will amount in total to the audited pre-tax profits of Kineron for the period from January 1 1987 to April 30 1988. All instalments may be satisfied at Eurotherm's option by the issue and allotment of shares or in cash.

DIVIDENDS ANNOUNCED

Aspera Comfections int	1.63	Oct 29	—	2	—
Aspera Communications	1.6	Oct 1	1.3	—	2.7
Clarke Hooper	1.83	—	—	2.5	—
Continental Indust int	20	Oct 1	n/a	—	20
Gen Accident	int 12.5	—	10	—	28
Excalibur Jewellery	0.05	—	0.05	0.05	0.05
Metal Bulletin	int 1.633	Oct 9	1.63	—	4.8
Dividends shown denote per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡USM stock. ¶Unquoted stock. Third market. ¶For seven months.					

Ashtead confident as profit tops forecast

Ashtead Group, plant hire company which came to the USM last November, has beaten its profit forecast by 12 per cent for the year ended April 30 1987. And growth continued on all fronts.

Turnover for the year advanced by 42 per cent to £5.1m (£3.6m) and, with pre-tax margins improving from 15 per cent to 20 per cent, the pre-tax profit surged 91 per cent to £1.02m (£833,000). The forecast was for £810,000.

Mr Peter Lewis, the chairman, pointed out that only one month's trading from Keyplant's 13 locations contributed to the figures.

Earnings for the year were 11.2p (6.4p) and the dividend is the promised 3p net.

Mr Lewis said the current year's trading was continuing at satisfactory levels throughout the enlarged group.

Keyplant's profit centres had been fully integrated into the group operational structure and Peter Lewis is convinced

substantial benefits from the acquisition were expected this year as Keyplant's historic margins of 5 per cent were increased.

The group had withdrawn from Keyplant's activities in operated plant hire and the benefits of that and other rationalisations were also expected to come through.

Mr Lewis said Ashtead's growth had continued on all fronts, in terms of market capitalisation, profits, turnover, investment in working assets (a record £2.1m), pre-tax margins (currently 20 per cent), and profit centres across the UK.

Group policy was to seek increased efficiency in existing activities and to exploit profitable opportunities for growth by acquisition.

● **Comment**
Ashtead has an innovative approach to industrial relations and Peter Lewis is convinced

they believed the recent acquisitions and title launches would directly benefit future profits. It was their intention to continue that development policy given the company's strong cash flows even if there was an immediate adverse effect on reported profits.

They were two main reasons for the lower profits, which, the directors said, were below expectations. First, the core business area — international metal trading — had shown some recovery but that was too slow to be reflected in the first half. Secondly, there was heavy investment made to broaden the publication base, with start-up and development costs being written off as they arose.

The directors expected record activity from the planned programme of publications and conferences in the second half, but said the full year results were unlikely to match the record £1.24m pre-tax achieved in 1986.

Metal Bulletin profits halved

Metal Bulletin, USM-quoted publisher of international trade journals, reported pre-tax profits almost halved at £251,700 for the six month period ending June 30, against a previous £497,900 turnover from £2.13m to £2.05m.

There were two main reasons for the lower profits, which, the directors said, were below expectations. First, the core business area — international metal trading — had shown some recovery but that was too slow

to be reflected in the first half. Secondly, there was heavy investment made to broaden the publication base, with start-up and development costs being written off as they arose.

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UK BANKING

The Financial Times proposes to publish the above Survey on

MONDAY SEPTEMBER 21 1987

For further information regarding advertising in this Survey,

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BBA GROUP PLC

INTERIM REPORT

20TH JUNE 1987

SALES	UP 48%
PRE-TAX PROFITS	UP 57%
EARNINGS PER SHARE	UP 23%
ORDINARY DIVIDEND	UP 20%
GEARING	DOWN TO 38%

"The first half of 1987 enjoyed the benefit of a favourable climate in the motor industry. If this continues through the second half of the year it will, together with the ongoing benefits of rationalisation, combine to produce a satisfactory result."

The British based international company with interests in automotive components industrial textiles and engineering.

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GOLD FIELDS PROPERTY COMPANY LIMITED

(Incorporated in the Republic of South Africa)
(Registration No. 01/01078/06)

INTERIM REPORT

CONSOLIDATED INCOME STATEMENT	*12 months ended 30 June 1987	*6 months ended 31 Dec. 1986	Year ended 30 June 1986
TURNOVER	£14,849	£8,372	£17,212
REVENUE			
Incomes from rent and sale of property	£4,398	£3,160	£6,683
Surplus on realisation of investments and mining title	927	—	965
Interest earned, gold royalties and income from other sources	£5,871	£2,618	£4,015
Income from investment	17	618	1,028
Profit on sale of fixed assets	—	—	35
EXPENDITURE			
Administration, property and general interest	£2,905	£1,321	£1,976
Interest	28	12	38
PROFIT BEFORE TAX	£11,786	£5,063	£10,712
Tax	2,464	4,672	—
PROFIT AFTER TAX	£6,447	£2,599	£6,040
Earnings per share—cents	63	25	59
Dividends per share—cents	28	12	30
—absorbing—£000	2,843	1,227	3,067
—times covered	2.3	2.1	2.0
CONSOLIDATED BALANCE SHEET			
30 June 1987	At	At	At
31 Dec. 1986	30 June 1986	30 June 1986	
FIXED ASSETS	£000	£000	£000
Investments	26,770	27,773	27,106
Properties and Ventures	13,096	13,103	12,978
NET CURRENT ASSETS	(£384)	(£374)	(£377)
Current assets	£1,194	£2,21	£721
Less current liabilities	£376	£375	£398
SHARE CAPITAL	254	256	265
Reserves	34,760	34,531	33,161
	37,006	34,787	33,417
DEFERRED LIABILITIES AND PROVISIONS	7,949	6,396	7,986
LOANS RECEIVED	100	100	200
	45,085	41,283	41,603
INVESTMENTS			
Listed—market value	20,548	15,425	12,417
—Excess over book value	16,970	12,740	9,749
—Book value	3,598	2,685	2,668
Unlisted—Book value	498	445	410
Number of shares in issue	10,224,350	10,224,350	10,224,350
Net assets (as valued) per share—cents	468	616	555
^a Unaudited			

NOTES
Dividend—An interim dividend No. 128 of 12 cents per share, in respect of the six months ended 31 December 1986, absorbing R1,227,000 was declared on 14 January 1987 and paid on 4 March 1987.

Change of Financial Year End—As previously mentioned, the financial year end of the company has been changed from 30 June to 31 December.

Prospects—Net earnings should be maintained in the remainder of the financial year ending 31 December 1987, as the group's income from its various leased properties and royalty payments from West Rand Consolidated Mines should continue to make useful contributions to revenue.

DECLARATION OF SECOND INTERIM DIVIDEND

Dividend No. 129 of 16 cents per share has been declared in South African currency payable to members registered at the close of business on 28 August 1987. Warrants payable on 30 September 1987 will be posted on or about 29 September 1987.

Standard conditions relating to the payment of dividends are obtainable from the share transfer offices and the London Office of the Company.

Request for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 28 August 1987 in accordance with the above-mentioned conditions.

The Register of members will be closed from 29 August to 4 September 1987, inclusive.

On behalf of the Board,
M. R. Fuller-Good
Chairman
B. R. van Rooyen
Directors

Registered and Head Office:
Gold Fields Building,
75 Fox Street,
Johannesburg, 2001,
London Office:
31 Charles II Street,
St. James's Square,
London, SW1Y 4AG,
11th August 1987

United Kingdom Registrar:
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UK COMPANY NEWS

Mike Smith on a takeover that failed to deliver its promise

The dark clouds over Stormgard

TO SOME she was a shining example of British entrepreneurship at its best. Others argued her high-flying image owed less to her management track record than to the rare opportunity she gave the media to champion the cause of a businesswoman.

When it came to the crunch, shareholders in Selincourt, a struggling fashionware and fabrics group, decided to join the Jennifer d'Abo fan club. After a bitter takeover battle—in which her main adversary was Sir David Nicolson, former chairman of BT&T and a veteran of many a takeover—she emerged triumphant.

Two years later those same shareholders may be left questioning the wisdom of their decision as they reflect on subsequent events at Stormgard, the quoted shell which Mrs d'Abo and her associates used to launch the £17.5m takeover of Selincourt.

Though small, Stormgard provides one of the most spectacular examples in recent years of an acquisition which failed to deliver its promise.

Hostile takeovers first emerged last December when the company reported interim pre-tax losses of £193,000 and a passing of the dividend. There was much worse to come.

Shareholders were dealt a rude shock when Mrs d'Abo resigned her directorship in February after a row "over future policy," the nature of which has never been explained.

Then in June, Stormgard revealed full-year pre-tax losses of £4.87m. And in the latest development, Lord Lever, the former Labour Cabinet minister, said last month that he was stepping down as chairman as he "would not have the time to give the company in the future."

It is all so different from the two pictures of future prosperity painted during the takeover battle.

The incumbent management said that after the trauma of the early 1980s, when gearing rose at one stage to 250 per cent and net assets were cut by more than 50 per cent in five years, the company had turned the corner and could look forward to strong profits growth.

She had her first serious contact with the City in the early 1970s, when she joined the investment portfolio of millionaire Peter Cadbury, her then husband. Later she made her mark by building up grocery and furniture businesses in Hampshire, and Jean Sorelle, the perfume manufacturer. But it was through Ryman, the stationery retailer, which she bought from Burton in 1981, that she attracted most attention.

During the Selincourt takeover battle Mrs d'Abo's record came under fire from Sir David Nicolson's team, which pointed to Ryman profits of just under £40,000 in 1984. Since then, however, profits have multiplied



Jennifer d'Abo: resigned after policy row

and marketing flair would enable Selincourt to prosper.

Looking back, Sir David is still clearly a little surprised and hurt by his defeat.

"After a lot of nursing and coaching we had cleaned up Selincourt and were building it up into a substantial textile group," he says. "It was very disappointing we were not

more of the previous management's products on the back of them.

Caroline's margins are some-

times higher than 40 per cent,

so a fall in turnover hits the

profits hard.

For Stormgard as a whole the outlook for the current year remains determinedly grim. The company says trading conditions are still difficult and it will continue its programme of reorganisation. Mr Murray will give no indication of when he expects the company to return to profitability, although he believes most of the problems have been straightened out.

Shareholders can find little

comfort in the 1987 balance sheet. This shows gearing of nearly 150 per cent (although recent disposals have reduced this considerably), says Mr Murray. Loans and overdrafts falling due within one year more than doubled in 1986 to £9.49m, and shareholders' funds fell from about £11.84m to £8.60m.

The last figure is particularly

painful given the fact that in 1985 Mrs d'Abo pointed scathingly to how Selincourt assets had been declined from £12.5m to £5.7m during the previous five years. Since then there have been two capital injections, includ-

ing a rights issue, to raise

nearly £10m.

In spite of Stormgard's prob-

lems, its shares have risen

strongly since hitting a low of

10p in December. Yesterday's

price of 25p, which values the

company at about £25m, is

nearly five times net asset

value. On trading grounds alone analysts believe that the

share price would be hard to justify.

However, Mr Murray says the company has received

no takeover approaches and is

not aware of any significant

stock builder.

Stormgard is not without its

attractions. Although Frank

Usher, the highly profitable

cocktail and eveningwear com-

pany, has been sold, Stormgard

has kept other companies with

well-known names. These in-

clude E&A Richards, the kit-

wear company, and Jacquot,

the scarves and fashion acces-

sories subsidiary.

Any potential predator would

have to take a long hard think

about a company which last

year made trading losses of

£270,000, even before all the

write-offs were made. And the

bidder would doubtless want to

know why Mrs d'Abo left last

February.

Notes—1. Dividend—The final dividend No. 80 of 20 cents per share in respect of the year ended 31 December 1986, absorbing R3.67/20 was declared on 14 January 1987 and paid on 4 March 1987.

2. Prospects—Earnings for the year should not be significantly lower than those for 1986. The dividend should therefore be maintained.

3. Declaration—The declaration of the dividend No. 80 of 20 cents per share in respect of the year ended 31 December 1986, absorbing R3.67/20 was declared on 14 January 1987 and paid on 4 March 1987.

4. Declaration of Interim Dividends—Dividend No. 81 of 10 cents per share was declared in South African currency on 28 August 1987.

5. Warrants—Warrants payable on 30 September 1987 will be posted on or about 29 September 1987.

Standard conditions relating to the payment of dividends are obtainable from the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by

the company on or before 28 August 1987 in accordance with the above-mentioned conditions.

The register of members will be closed from 29 August to 4 September 1987, inclusive.

Financial Times Wednesday August 12 1987

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UK COMPANY NEWS

Dalgety sells lumber offshoot for £75m

By STEVEN BUTLER

Dalgety, the food and commodities group, has concluded its asset disposal programme with the £315m (£275m) cash released yesterday of its Canadian lumber company, Balfour Guthrie. The business is a company set up by the Balfour Guthrie management, in which it holds a 20 per cent interest.

Balfour Guthrie has been up for sale since the end of March, when Dalgety said it hoped to realise about £70m. In 1986 Balfour Guthrie's pre-tax profits came to £61.8m.

Dalgety has now raised some £150m from recent disposals, including chemical manufacturing and trading operations, an insurance broking business and Associated British Masters.

"We are approaching the end of our investment programme," said Mr Terry Price, chairman.

yesterday. Mr Price said Dalgety was pleased with the price, which was higher than initially anticipated.

Further disposals this year are expected to raise another £50m, leaving Dalgety with significantly reduced debt as it pursues a continuing acquisition programme in its core food processing and distribution businesses.

Yearlings

The interest rate for this week's issue of local authority bonds is 104 per cent. Up to a percentage point from last week, no rate was issued this time last year. The bonds are issued at par and are redeemable on August 17 1988. A full list of issues will be published in tomorrow's edition.

Evode calls for £12m to fund acquisitions

By JANICE WARMAN

Evode Group, the adhesives, paint and plastics group, which has more than tripled its market capitalisation since joining the USM in December 1986, is to fund two acquisitions totalling £23.3m with a £12.2m rights issue.

The £25.6m purchase of Sterling Technology from Reichhold Inc of the US is designed to establish Evode in the fast-growing market for speciality chemicals in the electronic and electrical industries. The £2.7m Commercial Ignition purchase, to be paid largely in shares, would strengthen its position in the automotive components market established with the Supra acquisition, said Mr Simon.

The remaining £5.6m will be used to reduce group borrowings and to finance further

American parent Manchester-based Sterling manufactures electrical insulating varnishes and compounds, industrial paints and protective coatings. In 1986 it produced pre-tax profits of about £750,000, after management charges and royalty payments of £100,000, on sales of £4.62m.

The £200m UK market for these products was expected to grow at more than 10 per cent per annum, said Mr Simon. Evode saw the acquisition of Sterling as a more effective entry to the market than organic growth.

Commercial Ignition makes and sells electronic and electrical components to the automotive after-market from its 3.7-acre site near Gerrards Cross. Pre-tax profits for 1986

totalled £234,000 on sales of £3.15m, with net assets of £2.83m. At completion, cash at bank and in hand should total about £1m.

Evode's directors are to recommend a final dividend of 3.24p on the increased share capital, making a total dividend for the year of 4.44p, compared with last year's final total of 2.87p.

The acquisition of Sterling will be financed by the issue of 3.56m consideration shares. A further 3.56m shares are to raise £5m. The rights offer has been underwritten by Morgan Grenfell, with Kleinwort Grieveon Securities as brokers.

The consideration for Commercial Ignition will be satisfied by the issue of 1.06m new ordinary shares of Evode and a cash payment of £700,000.

Excalibur cuts its losses

Excalibur Jewellery, a manufacturer of watches and jewellery, reported a slight fall in pre-tax losses from £255,484 to £243,057 in the year to April 30 1987. Turnover fell from £4.64m to £4.12m.

The directors proposed an unchanged dividend of 0.05p for the year. Losses per share fell from 2.04p to 1.85p.

They reported that all the company's loss-making sub-

sidiaries, none of which were involved in jewellery making, had been or were being closed.

Gross profit was £201,362 (£111,124); distribution costs, £883,301 (£583,011); administration expenses, £572,590 (£734,633); operating losses, £152,529 (£205,530); interest payable, £90,523 (£43,786); bank interest receivable nil (£3,832); tax, nil (nil); and extraordinary debits, £425,574 (nil).

Continental Ind asset rise

Continental & Industrial Trust raised net asset value per 25p share from 868.2p to 915.5p in the six months to June 30.

Net revenue amounted to 50.2p per share, up from 49.2p per share last year. Earnings per share rose by 28 per cent to 25.1p (19.68p)—comparative figures covered the seven months to December 31 1986.

The company became a subsidiary of Transatlantic Insurance Holdings in July 1986.

An interim dividend of 20p (no interim) and final 20p for period) is being paid.

The board said the level of dividend payments was likely to revert to a more normal level as the portfolio was reinvested in financial services investments.

Lopex £6m for Grayling

Lopex, the communications group, is paying up £6m to acquire the Grayling Group of public relations consultancies.

The acquired company is to be merged with Forman Communications, the Lopex PR subsidiary, in order to broaden presence in the UK and to provide a stronger basis for expansion in Europe and the US, and will trade under the name Forman Grayling Group.

The acquisition continues a series of takeovers and break-up activity in the public relations

sector by means of a placing of 243,902 shares.

A complicated schedule of payments to the vendors of Grayling links most payments to profits performance in 1987 and 1988. An initial £500,000 is to be paid upon completion.

Lopex will also raise £600,000 of working capital for Grayling by means of a placing of 243,902 shares.

Revenue of the Grayling Group exceeded £4m in 1986 with pre-tax profits of £37,000 on a pro forma basis including Gwynne Hart, an acquired subsidiary, for a full year.

BOARD MEETINGS

		BOARD MEETINGS		McKey Securities, J. Seville Gordon, Zegers.	
		The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Specific dividends are not divisible as to whether the subdivisions are insuring or final and the subdivisions shown below are based mainly on last year's timetables.		FUTURE DATES	
		Brent Properties Sept 22		Underwriting Premium Income	
U.K.		Brent Properties Sept 22	—	Underwriting Premium Income	Underwriting Premium Income
U.S.A.		Brent Properties Sept 22	(19.5)	347.4	(36.8)
EDC other than UK		Brent Properties Sept 22	(32.0)	384.6	(39.5)
Canada		Brent Properties Sept 22	(6.9)	72.9	(10.7)
Others, including London Market business		Brent Properties Sept 22	5.4	127.4	(3.9)
		Towergate Aug 20	—	103.4	(6.8)
		Towergate Aug 20	(3.7)	1,161.5	(57.1)
		Towergate Aug 20	—	1,035.7	(97.7)

General Accident**INTERIM RESULTS**

The results for the six months ended 30th June 1987, estimated and unaudited, are compared below with those for the similar period in 1986, which are restated at 31st December 1986 rates of exchange: also shown are the actual results for the full year 1986.

It must be emphasised that the results for the interim period do not usually provide a reliable indication of those for the full year.

	6 Months to 30.6.87 Estimate £ millions	6 Months to 30.6.86 Estimate £ millions	Year 1986 Actual £ millions
Premium Income— General Business	1,161.5	1,035.7	2,148.4
Long Term Business	106.6	92.6	103.1
	1,268.1	1,128.3	2,357.9
Investment Income (see notes)	155.1	143.1	297.8
Underwriting— General Business Result	(57.1)	(97.7)	(150.8)
Long Term Business Profits	8.5	5.0	10.4
	164.5	50.4	127.3
Less Interest on Loans	1.7	1.6	2.2
UK Employee Profit Sharing Scheme	—	—	1.8
Profit before Taxation	102.8	49.4	123.2
Taxation—UK and Overseas	22.5	3.8	10.1
Profit after Taxation	80.3	45.6	113.1
Minority Interests and Preference Dividend	1.7	1.3	2.3
Net Profit attributable to Shareholders	78.6	44.3	110.8
Earnings per Ordinary Share	81.41	81.85	81.48
Principal exchange rates used in translating overseas results— U.S.A. \$1.34	\$2.05	\$2.05	\$2.05
Canada	—	—	—
Note—Investment income excludes £1.7m (1986 £5.7m) representing amortisation of U.S. deep discount bonds which under the U.S.A. accounting conventions would be credited to earnings.	£1.7m	£5.7m	£5.7m

ANALYSIS BY TERRITORY OF GENERAL BUSINESS PREMIUM INCOME AND UNDERWRITING RESULT		6 months to 30.6.87	6 months to 30.6.86
Premium Income	Underwriting Result	Underwriting Premium Income	Underwriting Premium Income
U.K.	U.K.	£m	£m
U.S.A.	U.S.A.	397.3	(19.5)
EDC other than UK	EDC other than UK	412.3	(32.0)
Canada	Canada	80.6	(6.9)
Others, including London Market business	Others, including London Market business	142.3	5.4
		129.1	(3.7)
		1,161.5	(57.1)
		1,035.7	(97.7)

Net written premiums and investment income increased in sterling terms by 12.2% and 8.4% respectively. Adjusted to exclude the effects of currency fluctuations, the increases were 16.7% and 13.8% respectively.

In the second quarter there was a worldwide underwriting loss of £3.3m (1986 £3.4m loss) with an underwriting profit in the United Kingdom of £1.0m (1986 £9.8m loss) and a loss of £12.3m (1986 £13.5m loss) in the United States. In the aggregate other territories produced underwriting losses of £2.1m (1986 £10.1m loss). The pre-tax profit for the quarter amounted to £81.7m (1986 £44.7m).

For the six months in the United Kingdom there was an underwriting loss of £19.9m (1986 £36.8m loss). The Motor account loss was £9.8m for the half year (1986 £15.1m loss). After the severity of first quarter weather the usual seasonal improvement during the second quarter benefited the Homeowners account to produce a loss of £1.0m (1986 £12.3m loss) at the six months. The Commercial Property account enjoying a similar experience and a reduction in the incidence of large Fire losses, produced a profit of £2.4m (1986 £7.9m loss) for the same period. These results are stated after internal reinsurance.

For the six months net premiums written in the United States totalled £663.7m (1986 £569.2m) with an operating ratio of 107.26% as compared with 109.99% for the same period in 1986. On the United Kingdom accounting basis the underwriting loss was £32.0m (1986 £39.5m loss). Only the Property accounts are showing improvement at this stage.

Elsewhere there were aggregate underwriting losses of £5.2m (1986 £21.4m loss) with improved trading results evident in all territories particularly Canada.

New annual premiums for life business in the United Kingdom for the first six months of 1987 were £16.9m (1986 £13.6m) and single premiums £18.4m (1986 £11.7m).

Dividend

The Directors have declared an interim dividend for the year ending 31st December 1987 of 12.5p per share (1986 10.0p per share) costing £23.5m (1986 £18.4m) payable on or after 1st January 1988 to ordinary shareholders on the register of members on 1st December 1987.

General Accident Fire & Life Assurance Corporation plc.

World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH.



The Directors

of

MANAGEMENT INTERNATIONAL LIMITED

are pleased to announce that with effect from 19th June, 1987 the Company has changed its name to

BERMUDA INTERNATIONAL INVESTMENT MANAGEMENT LIMITED

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. The Council of The Stock Exchange has admitted the following securities to the Official List.

WELLMAN plc

(Incorporated in England with Registered No. 15455)

COMMODITIES AND AGRICULTURE

Cocoa support remains in limbo

UNCERTAINTY ABOUT the status of the International Cocoa Organisation's buffer stock means buffer buying cannot resume, even though the 10-day average indicator price has fallen below the "must buy" level of 1,600 Special Drawing Rights (SDR) a tonne, organised delegates said in London yesterday, reports Reuter.

The indicator slipped through the trigger level to SDR 1,597.98 on Monday and fell further to SDR 1,595.82 yesterday.

The organisation is not expected to take any immediate action, however, and its buffer stock manager will not re-enter the market without any clear mandate from the executive committee or council, the delegates said.

There are no plans yet to call an executive committee meeting to review the buffer stock's position in the light of the recent price slide. These issues can be raised at the annual council meeting, scheduled for September 2 to 11, officials in the organisation's secretariat said.

NO 18—8/8

The buffer stock was left in limbo after an emergency council session of the organisation last month failed to resolve the price range which the buffer stock is intended to defend following the exhaustion of the manager's mandated initial purchasing limit of 75,000 tonnes.

The lack of a council decision means Mr Kobena Erbyn, the executive director, must decide whether the buffer stock can re-enter the market. But he is expected to consult with producers and consumers before taking any action.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin (last week's prices in brackets):

ANTIMONY: European free market 99.99 per cent, \$ per tonne, in warehouse, 2,130-2,110 (2,120-2,110).

BISMUTH: European free market, min 99.99 per cent, \$ per lb, tonne lots in warehouse 345-365 (310-315).

CADMUM: European free market, min 99.99 per cent, \$ per lb, in warehouse, imports 173-183 (150-155), sticks 173-183 (150-155).

COBALT: European free market, 99.95 per cent, \$ per lb, in warehouse, 645-660 (640-665).

MERCURY: European free market, min 99.99 per cent, \$ per flask, in warehouse, 233-265 (237-247).

MOLYBDENUM: European free market, drummed molybdenum oxide, \$ per lb Mo, in warehouse, 2.85-2.85 (2.80-2.80).

SELENIUM: European free market, min 99.95 per cent, \$ per lb, in warehouse, 540-600 (525-590).

TUNGSTEN ORE: European free market, standard min 65 per cent, \$ per tonne unit WO₃, cfr 42-47 (45-57).

VANADIUM: European free market, min 98 per cent V₂O₅, others, \$ per lb V₂O₅, cfr 2.62-2.70 (2.60).

URANIUM: Mexican exchange value, \$ per lb UO₃, 16.80 (same).

Brazilian coffee crop 'damaged by frost'

WEEKEND FROST in coffee-growing regions of Brazil caused some damage to next year's crop, according to Mr Jorio Dauster, president of the Brazilian Coffee Institute (IBC), reports Reuter from Sao Paulo. But he said it was too early to say how severe the damage was.

"We do not have an estimate yet," he said. "In 10 to 15 days we may have something. At this stage it is very difficult to assess the damage. It is quite clear that some damage was done."

An estimate by Mr Oripes Gomes, the IBC's production director, put 1.15m bags (50 kg each) had been lost was a very preliminary figure which reflected the feelings of growers, Mr Dauster warned.

The production director was quoted as giving that estimate in Monday's *Globo* newspaper. Meanwhile producers and

traders said frost in the states of Sao Paulo and Minas Gerais had touched some pockets of low-lying ground where coffee was not generally grown and that possible losses were considered insignificant.

"Some leaves might have curled up, but beyond that I don't believe any damage has been done," said one trader in southern Minas Gerais.

The US-based ACCU weather service reported no frost in Brazilian coffee areas over the weekend.

Mr Dauster said the IBC's preliminary estimate of next year's crop, based on the idea of biannual cycles, was between 20m and 25m bags.

Traders said, however, that while they accepted that coffee was a cyclical product, Brazilian output was on an upward trend because of the large expansion of plantations in recent years. Next year young trees would be

increasing their production or producing for the first time, they pointed out.

One said the crop should be well above the range forecast by the IBC.

In London the frost reports produced only a slight rise in robusta coffee futures prices. The November position was lifted briefly to £1,300 a tonne but then eased back to close 27 down on the day at £1,290.50 a tonne.

Dealers agreed with Mr Dauster that it was far too early to assess the damage and added that the likelihood was that the damage would not prove serious enough to alter the basically bearish market fundamentals ruling at present.

Even if Mr Gomes' estimate of a 1.15m bags loss was correct it still only represented a small amount out of this year's projected crop of more than 30m bags, they said.

LME prices supplied by Amalgamated Metal Trading.

ALUMINUM

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

COFFEE

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

GRANATES

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

LEAD

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

LIQUIDATION

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

NICKEL

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

PLATINUM

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

SILVER

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

ZINC

99.7% Unofficial + or - High/Low purity (Kilos per m.t.) 5 per tonne

Cash 1/10-30 +10 —

Official closing (am) Cash —, three months 1/10-20 (1,687.8), settlement 1,724 (1,771). Final Kerb close 1,710-20. Ring turnover 22,000 tons.

Change in EC system may boost UK wheat exports

BY BRIDGET BLOOM

ARRANGEMENTS WHICH are expected to boost British exports of wheat to third countries have been agreed in Brussels by the cereal management committee of the European Community.

The measures, which should shortly be the subject of a formal regulation for enforcement in the forthcoming weeks, will include the establishment of a single tender for common wheat. This will replace the system of separate tenders for bread-making and for feed quality wheat which has been in operation since last December.

British ministers see the acceptance of the new single tender as a notable plus for the UK, which last year exported some 2.5m tonnes of so-called feed quality wheat to third countries.

It had been felt that the establishment of separate tenders last December unduly favoured French wheat exports which are primarily of bread-making quality.

Given the high domestic price of wheat in the EC, exports can only take place with the aid of substantial export subsidies. The level of these is determined by a complex system of tendering.

THE US could save taxpayers billions of dollars and raise the value of agricultural exports without measurably reducing farmers' incomes if it adjusted crop programmes or reached a multilateral accord to cut global production, according to a new economic study reports Reuter from Washington.

The analysis, by the Food and Agricultural Policy Research Institute, concluded that by curtailing the use of generic (payment-in-kind) certificates and raising the acreage reduction requirement for maize, the Government could cut \$2.5bn a year from federal farm spending, estimated at \$24bn in 1987.

It also said that if the five largest grain producers could come up with cutbacks by 10 per cent US farm programme costs would be reduced \$5bn a year and US exporters would be in a position to increase their share of world trade.

However, it said the US wheat industry could be hurt by the changes, grain stocks could be higher if fewer certificates were used, and US consumers would have little incentive to co-operate in co-ordinated output cuts.

Yesterday the British Grain and Feed Trade Association welcomed the single tender system as a notable plus for the UK.

Mr John MacGregor, the new British Minister of Agriculture, and Mr Francis Andriessen, the EC Commissioner for Agriculture, at a meeting in London late last month.

It is understood that the single tender system was one of the subjects discussed between Mr John MacGregor, the new British Minister of Agriculture, and Mr Francis Andriessen, the EC Commissioner for Agriculture, at a meeting in London late last month.

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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.
Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		TUESDAY AUGUST 11 1987				MUNDAY AUGUST 10 1987				DOLLAR INDEX			
		US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Dk. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	2087 High	1987 Low	Year ago (approx.)	
Australia (59)	154.35	+1.8	143.75	146.39	245	151.63	143.42	144.82	154.43	99.92	73.00		
Austria (16)	95.06	-0.2	95.20	95.10	221	95.01	94.74	94.74	101.62	95.58	90.26		
Belgium (48)	127.97	+0.9	126.63	128.28	203	126.94	119.97	123.64	123.64	94.19	86.69		
Canada (132)	140.85	+0.9	133.01	135.60	205	140.85	132.01	142.27	140.85	100.00	98.11		
Denmark (59)	111.32	-0.6	105.12	110.23	253	112.04	105.96	110.18	121.10	98.18	95.36		
West Germany (92)	137.47	-1.0	132.97	140.48	211	137.47	132.97	142.45	142.29	94.69	76.03		
Hong Kong (45)	142.29	-0.2	139.57	140.48	205	142.27	134.37	142.45	142.29	94.69	76.03		
Ireland (14)	132.24	+1.0	124.88	131.92	240	130.98	123.98	130.92	145.41	99.50	99.74		
Italy (76)	84.74	-2.7	80.02	86.79	216	87.09	86.27	87.02	84.74	94.74	95.80		
Japan (45)	138.54	+0.2	130.82	132.84	205	138.33	130.03	132.12	138.54	100.00	94.69		
Mexico (56)	120.45	+0.6	118.20	121.92	205	120.45	117.54	121.54	120.45	98.06	98.06		
Malta (16)	288.90	-0.6	272.51	284.54	215	274.78	244.09	309.34	292.54	99.72	85.26		
Netherlands (38)	128.12	+0.2	120.98	124.90	211	127.87	120.95	124.40	128.35	99.65	95.54		
New Zealand (26)	114.69	+0.7	108.90	104.93	279	111.94	107.77	105.76	114.69	83.93	70.05		
Norway (24)	169.25	+1.4	159.83	158.40	172	166.91	157.87	156.43	169.25	95.17	95.17		
South Africa (61)	174.00	+1.8	164.31	169.23	147	171.00	164.74	164.74	174.00	94.45	94.45		
Spain (43)	143.94	+0.2	135.11	132.52	205	143.94	134.03	143.94	143.94	98.00	98.00		
Sweden (33)	122.03	+1.9	123.46	127.89	207	141.59	139.92	144.48	144.48	100.00	98.69		
Switzerland (53)	105.63	+0.5	103.24	103.24	161	105.06	99.37	102.45	105.63	92.01	98.17		
United Kingdom (335)	145.82	+1.7	137.32	137.32	219	143.24	129.00	132.00	145.82	99.65	93.36		
USA (590)	135.81	+1.6	128.25	135.81	220	133.70	120.45	133.70	135.81	100.00	96.36		
The World Index (2415)	134.05	+0.8	126.59	130.97	196	132.94	125.74	129.73	135.15	100.00	96.36		

Date values: Dec. 31, 1986 = 100
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Singapore and Malaysia markets closed for public holidays on August 10.

EUROPEAN OPTIONS EXCHANGE

Series	Aug 87		Nov 87		Feb 88		Stock
	Vol.	Last	Vol.	Last	Vol.	Last	
GOLD C	5440	85	24	35.50	47	36.00	—
GOLD D	5460	130	7	125	25.50	47	36.00
GOLD E	5480	102	1	125	22.50	32	—
GOLD F	5440	24	0.50	125	25.50	32	—
GOLD P	5440	4	4.00	205	25.50	32	—
Total 67							
SILVER S	5900	20	135	27	—	—	47.70
Aug 87							
Sept 87							
Oct 87							
FEB C							
Aug 87							
Sept 87							
Oct 87							
FEB P							
Aug 87							
Sept 87							
Oct 87							
FEB T							
Aug 87							
Sept 87							
Oct 87							
FEB L							
Aug 87							
Sept 87							
Oct 87							
FEB R							
Aug 87							
Sept 87							
Oct 87							
FEB M							
Aug 87							
Sept 87							
Oct 87							
FEB S							
Aug 87							
Sept 87							
Oct 87							
FEB D							
Aug 87							
Sept 87							

FT UNIT TRUST INFORMATION SERVICE

ET UNIT TRUST INFORMATION SERVICE

UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Money Market Trust Funds

TRUST FUNDS		Gr Equity			Gross equivalent to basic rate taxpayers—compounded annual rate, for Cr frequency interest credited.	
	Gross	Net	C&P	Int	Cr	
Charities Aid Fonds Money Magnet Co Ltd						UNIT TRUST NOTES
Steve Hall, Stone Ct, Hemel Hempstead, EC3	01-22356461					
CAF/CASH Cst Fund — B.R.D.	6.63	9.31	—			Prices are in pence unless otherwise indicated and those designated £ with no prefix refer to U.K. dollars. Yields: % to Income in last column allow for all known expenses.
CAF/CASH 74th Fund — B.W.C.	6.67	9.49	—			Prices of certain older enterprises listed may include capital gains tax on sales. A Offered price includes all expenses. B Total assets. C Yield based on offer price.
The Charities Deposit Fund						D Estimated, at Today's opening price. In Distribution free of U.K. taxes, a Previous premium. E Assurance plan.
2 Fore Street, London EC2Y 5AQ	01-588 1815					A Single premium insurance. f Offered price includes all expenses except agent's commission. g Offered price includes all expenses except a bought through manager.
Deposits 18.75		9.04	—			h Previous day's price. i Guernsey gross. j Suspended.
Oppenheimer Money Management Ltd						k Yield before divisor less 1% deduction. l Only available to charitable bodies. m In full colour, shapes,
66 Cannon St, EC4N 6AE	01-234 1425					
Cst Fund 16.78	6.61	9.21	—			
7-day Fund 16.02	5.94	8.45	—			

LONDON STOCK EXCHANGE

Equities and bonds extend recovery as recent fears over trade figures are allayed

Account Dealing Dates
Option
First Declaration Last Account
Dealing Date Dealings Day
July 21 Aug 8 Aug 7 Aug 17
Aug 10 Aug 28 Aug 21 Sept 1
Aug 24 Sept 10 Sept 11 Sept 21
* New time dealings may take place from 9.00 am two business days earlier.

UK security markets passed the second economic statistical test of the week quite confidently yesterday. A June current account deficit of £16.8bn allayed recent fears of a heavier shortfall and leading shares celebrated. Government bonds also surged forward before retracing their steps following a certain amount of drama in the Gilt futures market.

Volume remained light because markets, after the shock of dearer money last week, still have to surmount further obstacles this and next week. The money supply/banking statistics could be a particular teaser on Thursday, August 20. But yesterday's economic news was enough enthusiasm to lift the FT-SE 100 share index up 32.3 more to 2262.4, for a two-day recovery of 4.8%.

The equity market was moving higher ahead of the 11.30 am announcement. Analysts had been busy recalculating their forecasts and most revised their forecasts to a likely deficit between £10bn to £22bn. Some remained pessimistic with predictions ranging to £30bn, so the official figure was a pleasant surprise.

Blue chip issues responded immediately and although demand was selective it found sellers reluctant. Several marketmakers took a less positive view of the market's ability to further, further, and were later sellers.

The majority of Alpha stocks were lightly traded, but Hanson, top of the pops in New York on Monday, achieved a similar status here with 35m shares changing hands. Overseas investors also favoured Beecham, Glaxo, Reuters and Saatchi and Saatchi. The last named has been doing well recently but was benefited yesterday from a strong buy recommendation from Country Securities.

Drexel Burnham are believed to be canvassing the stock's attractions in New York.

Pearson returned to prominence after a "put-through" of 27m shares at an average price of 67.1p. This does not reflect speculation on state-building interests or Australia's interests, but a Japanese house was reported keen on the UK publishing conglomerate, which owns the Financial Times. Total volume was finally 4.6m shares.

Longer-dated bonds were a point up on overnight closing levels despite the balance of payments data. The tone looked good but the market was subsequently thrown into confusion by the Gilt futures market. An incorrect price for the long bond was fed into the LIBFFE electronic system which caused traders there to panic. Deals were completed at extremely low levels before the situation was rectified. Transactions below 113.00, some were

recorded down to 114.10, were subsequently disqualified and both the paper and cash markets regained composure.

Agency brokers reported good domestic retail interest, which tended to fade as the day wore on, while marketmakers were emphatic that the larger business emanated from overseas sources, principally Japan. Longer-dated Gilts closed with gains stretching to 7%.

The financial sector continued to make good progress. Clearing banks were highlighted by a sparkling performance by National Westminster, which spurred 26 to 720p, after a turnover of 3.5m shares, as persistent investment support triggered a sharp bear squeeze as the day wore on. Barclays hardened up to 56p and Lloyds hardened a shade to 35p, after 330p, the last day of the month of acquisition of a 24% per cent stake in US investment management group Weiss Peck and Greer, a privately held New York-based partnership.

Volume remained light because

Midland, quoted in ex-rights form, opened at 452p but drifted back to end the session at 450p, with the new nil-paid share opening at 150p, moving up to 158p and then easing to close at 150p premium.

Standard Chartered edged up 4 to 788p, still boosted by bid speculation; Standard's interim results are expected around August 18. Merchant banks provided firm features in the Canadian Keg restaurant chain. Regionals also took up a firmer appearance under the lead of East Anglian-based Greene King which advanced 11 to 617p, largely reflecting the efforts of a single buyer.

Housebuilders, hard hit by last week's increase in interest rates, staged a strong recovery. Anglo-Saxon Homes rallied 26 to 422p and McCarthy and Stone 19 to 533p, while Charles Church picked up 12 to 152p and Barratt Developments improved 5 to 208p. Other building issues joined in the rally, MCC 9 to 34p. Rose rose 11 to 35p, while occasional "cheap" supplier lifted Berwickshire 64 to 51p.

Hotels highlighted Lafarge, which spurted 15 to 480p following a "buy" recommendation from Wood Mackenzie; the interim figures are scheduled towards the end of the month and WMC anticipates pre-tax profits of 250m due to cost-cutting start-up costs of the X2 hotel. Lafarge had risen the shares as a "buy" and forecast full-year pre-tax profits of £125m.

Jaguar rebounded 13 to 376p reflecting persistent interest ahead of next Tuesday's half-time Chase Manhattan Securities, while anticipating sharply lower profits of around £35m due to one-off start-up costs of the X2 hotel. Lafarge had risen the shares as a "buy" and forecast full-year pre-tax profits of £125m.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES



هذا عن الأصل

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Anniversary cheer and stable dollar help lift Dow in hectic trading

WALL STREET

CONTINUING to celebrate its fifth anniversary a few days early, Wall Street's bull market staged a spectacular performance yesterday with prices soaring on near-record volume, writes Roderick Orman in New York.

The broad-based advance was underpinned by a stable dollar and firmer credit markets although bond trading was light and cautious ahead of the start of the Treasury's quarterly refunding.

Stock buying exploded at the opening bell as those investors who had sat sceptically on the sidelines while equities weathered some rough times recently piled back into the market out of fear of being left behind. Overseas orders were particularly evident in the generally indiscriminate buying. Virtually all sectors were winners.

The Dow Jones industrial average closed up 44.84 points at 2,880.48, its seventh best one-day gain and topping its previous record close set on Monday.

Broader market indices also set records although secondary and tertiary stocks did less well than blue chips. The Standard & Poor's 500 added 5.30 to 333.30 and the New York and American Stock Exchange composite indices rose 2.68 to 184.13 and 1.15 to 363.89 respectively.

NYSE volume ballooned to 290.4m shares from 187.2m the previous day. It was the largest volume ever on a normal trading day, eclipsed only by the 302.4m shares traded on January 23, a Triple Witching Day subjected to one-quarter financial pressure.

Yesterday's hectic buying overshadowed the modest 50.1m shares which marked the starting point of this bull market on August 12, 1982. The Dow industrials bottomed out that day at 776.32 as they launched into a 250 per cent, five-year run which to some observers appears to have no end in sight. Big buying sprees in the first few days of the rally were around 130m shares.

Analysts were take aback by yesterday's performance. Many were expecting a fall or at least indecisive swings in line with the market's typical pattern for sessions following big rises. On Monday the Dow Industrials rose 43.84 points.

Investors seemed to have found good reasons to buy most stocks.

SOUTH AFRICA

GOLD SHARES ended mixed in Johannesburg trading as the miners' strike continued and the bullion price held steady. Selected mining stocks attracted buying from Europe during the afternoon but others met profit-taking.

Vaal Reefs was down R3 at R487, above early lows, and Randfontein

rose 52% respectively following a buy recommendation from Drexel Burnham Lambert.

In the takeover arena, CNW, a Chicago-based railway holding company, rose 52% to \$234. Interest in the sector was spurred on Monday when an investor group with a 7.9 per cent stake in Kansas City Southern said it would not play a role. Yesterday, Kansas Southern rose a further 52% to \$67.

Credit markets were subdued ahead of yesterday's auction of \$9.75bn of three-year Treasury notes, the first part of the Treasury's \$26bn August quarterly refunding.

Prices on existing securities were little changed with the benchmark 8.75 per cent Treasury long bond slipping 1/4 of a point to 97 1/4 by late afternoon to yield 9.6 per cent.

Despite an increase in yields over the past few weeks which should help generate investor demand for the refunding's securities, dealers remained cautious. One negative factor is the widespread perception that inflation and hence interest rates will rise further later this year.

Analysts believed that Japanese investors might buy up to \$1bn of the three-year notes offered yesterday. Their interest in such short-maturity government paper is relatively new but the stability of the dollar against the yen has attracted the Japanese to the US currency and they retain a generally positive attitude towards dollar-denominated investments at the moment. The biggest test of Japanese sentiment will come, as usual, with the auction of 30-year bonds tomorrow.

Dealers are likely to bid cautiously at the auctions which were delayed a week while Congress raised the government's debt ceiling. Payment for the securities is still due on the original date of September 30 so dealers have less time than usual to sell the paper before paying for it.

CANADA

ACTIVE TRADING in gold and mining issues led stocks in Toronto higher by mid-session. Energy and industrial issues moved upwards following their lead.

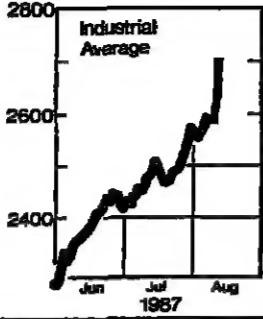
Continuing Middle East tension and the strike at South African mines drove investors to golds which rose across the board.

Among the gold mining group, Campbell Red Lake was up 25% to C\$44. International Corona gained 25% to C\$45 and Lac Minerals was up 25% to C\$47. Noranda gained 25% to C\$36.

Other miners followed suit. Inco was up 25% to C\$284, Alcan added 25% to C\$47 and Falconbridge gained 25% to C\$294.

On the active industrial list, Canadian Pacific, which reported healthy second-quarter profits, rose 25% to C\$28.

DOW JONES



Stable interest rates, for example, helped push up prices of interest rate stocks such as banks and insurance companies. Citicorp added 32% to 365%, Chase Manhattan gained 32% to 344%, J. P. Morgan rose 32% to 352%, Aetna added 3% to 360%, Citicorp advanced 31% to 367 and Fireman's Fund rose 3% to 330%.

Wall Street firms were swept along on the wave of buying after languishing in recent months near 52-week lows. Salomon Inc. added 31% to 333%, Shearson Lehman rose 31% to 328%, Merrill Lynch advanced 31% to 340% and E. F. Hutton was up 31% to 343%.

Technology stocks remained in the forefront of the advance. Among computer stocks, IBM rose 32% to 3169, Digital Equipment added 35 to 3180, Apple Equipment added 31 to 3494 and Hewlett-Packard rose 31% to 3874.

Semiconductor makers were also well ahead. Motorola advanced 32% to 365, Texas Instruments added 31% to 360, National Semiconductor rose 31% to 315% and Intel gained 31% to 351%.

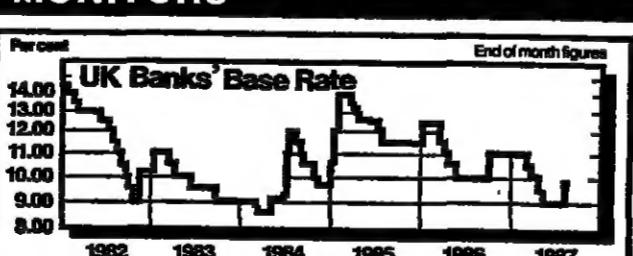
Stock groups were buoyant after Wall-Mart, up 31% to 342, and The Limited, up 31% to 331, reported solid quarter profit growth of about 40 per cent. Among other sellers, Sears, Roebuck was ahead 31% to 350% and J. C. Penney gained 32% to 363% although Federated added 31% to 353%.

Drugs and chemicals also attracted considerable buying interest. Merck rose 31% to 3186, Schering-Plough advanced 33% to 394% and Smith-Kline Beckman put on 31% to 373%. Du Pont was ahead 32% to 3217% and Dow advanced 31% to 360%.

Sanofi & Sanofti and Interplex, two leading advertising agencies, added 32% to 333% and 32 to 330%. Analysts were take aback by yesterday's performance. Many were expecting a fall or at least indecisive swings in line with the market's typical pattern for sessions following big rises. On Monday the Dow Industrials rose 43.84 points.

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KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 11	Prev Year ago
NYC Industrial	2,880.48	2,638.84 1,811.16
DJ Transport	1,100.11	1,094.31 721.75
DJ Utilities	210.78	207.32 203.64
S&P Comp.	333.33	328.00 240.81

LONDON FT

	1,772.60	1,742.5	1,222.7
S&P 100	2,275.4	2,242.5	1,591.0
A All-share	1,153.15	1,135.45	770.54
A 300	1,272.22	1,253.07	846.25
Gold mines	444.4	553.5	238.0
Gold	9.78	9.85	9.56
World Act. Ind	132.94	131.27	96.31

TOKYO

	25,282.97	25,119.70	17,478.1
Nikkei	25,282.97	25,119.70	17,478.1
Tokyo SE	2,051.22	2,078.27	1,437.22

AUSTRALIA

	2,084.2	2,054.5	1,153.9
Metals & Mins.	1,410.8	1,374.1	536.9

AUSTRIA

	215.67	214.71	223.24
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BELGIUM BE

	5,331.70	5,274.0	3,767.24

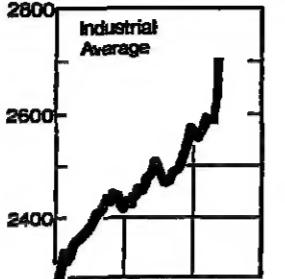
CANADA

	Toronto	Montreal	Vancouver
Met & Mins.	3,462.3	3,387.16	2,100.0
Composite	4,104.2	4,087.5	3,041.9

FRANCE

	408.10	407.30	380.4
Ind. Tendance	103.70	104.20	91.70

UK SECURITY



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